ELECTRONIC TRANSMISSION DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached Prospectus dated 1 November 2021 (the "**Prospectus**") which has been solely prepared relating to the rights offering and share placement of up to 1,686,600 registered shares of HIAG Immobilien Holding AG, Basel, Switzerland (the "**Company**") with a nominal value of CHF 1.00 each (the "**Offering**"). You are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, any time you receive any information, as the case may be, as a result of such access. **You acknowledge that this electronic transmission and the delivery of the Prospectus is confidential and intended only for you and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the Prospectus (electronically or otherwise) to any other person.**

The Prospectus may not be used for, or in connection with, and does not constitute or form part of any advertising, offer, recommendation or invitation to sell or issue, or any solicitation of an offer to purchase or subscribe for, pre-emptive rights or shares of the Company in any jurisdiction where it is unlawful to do so. The distribution of the Prospectus may be restricted by law in certain jurisdictions. Persons in possession of the Prospectus are required to inform themselves of and observe such restrictions. The Company and Zürcher Kantonalbank as Sole Lead Manager and Bookrunner (the "**Sole Lead Manager**") do not accept any responsibility for any violation by any person of any such restrictions. Except as otherwise indicated, the Prospectus speaks as of the date hereof, and any information contained in a document incorporated by reference herein is current only as of the date of such document. The delivery of the Prospectus shall, under no circumstances, imply that there has been no change in the affairs of the Company or its subsidiaries or that the information herein is correct as of any date subsequent to the earlier of the date of the Prospectus and any specified date with respect to such information. The business, financial condition, results of operations and prospects of the Company may have changed since such dates. Each potential investor in shares of the Company should consider the merits and risks involved in making such an investment decision. Investors in shares of the Company are not to construe the contents of the Prospectus as legal, business or tax advice, and they should inform themselves inter alia as to (i) the risk factors described in detail in the section "*RISK FACTORS*" of the Prospectus, (ii) the possible tax consequences, (iii) the legal requirements and (iv) any foreign exchange restrictions or exchange control requirements that they might encounter under the laws of the countries of their citizenship, residence or domicile and that might be relevant to the purchase, holding or disposal of shares of the Company. Neither the Company nor the Sole Lead Manager is making any representation to any investor regarding the legality of an investment by such investor under appropriate legal investment or similar laws. In making a decision to invest in the shares of the Company, investors must rely on their own evaluation of the Company and its shares, including the merits and risks involved. Nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of the Company. No person has been authorised to give any other information, or to make any representations in connection with the Offering, and, if given or made, such other information or representations must not be relied upon as having been authorised by the Company or the Sole Lead Manager. Unless expressly incorporated by reference herein, information on the Company's website, any website directly or indirectly linked to the Company's website or any website mentioned in (or in any of the documents incorporated by reference into) the Prospectus does not constitute in any way part of, and is not incorporated by reference into, the Prospectus, and investors should not rely on any such information in making any decision with respect to the shares of the Company.

THE PRE-EMPTIVE RIGHTS OR SHARES OF THE COMPANY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR IN ANY OTHER JURISDICTION EXCEPT SWITZERLAND.

The Prospectus and the offer when made are only addressed to and directed at persons in member states of the European Economic Aera (i) who are "**qualified investors**" as defined in article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 ("**Prospectus Regulatio**n"); (ii) to fewer than 150 natural or legal persons (other than qualified investors) or (iii) in any other circumstances falling within article 1(4) of the Prospectus Regulation.

In addition, the Prospectus is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom; or (ii) investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (iii) persons who are high net worth entities falling within article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The pre-emptive rights and shares of the Company are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such pre-emptive rights or shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

The Prospectus has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Sole Lead Manager, or any of its respective affiliates, directors, officers, employees, advisers or agents accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and any hard copy version. By accessing the Prospectus, you consent to receiving it in electronic form.

You are reminded that the Prospectus has been made available to you solely on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Prospectus, electronically or otherwise, to any other person or reproduce it in any manner whatsoever.

None of the Sole Lead Manager or any of its respective directors, officers, employees, advisers or agents accepts any responsibility whatsoever for the contents of the Prospectus or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Offering. The Sole Lead Manager and any of its respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the Prospectus or the Offering. No representation or warranty express or implied, is made by the Sole Lead Manager or any of its respective affiliates as to the accuracy, completeness or sufficiency of the information set out in the Prospectus.

The Sole Lead Manager is acting exclusively for the Company and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of the Prospectus) as its client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its client nor for giving advice in relation to the Offering or any transaction or arrangement referred to therein.

You are responsible for protecting against viruses and other destructive items. Your receipt of the Prospectus via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

HIAG

HIAG Immobilien Holding AG

Offering of up to 1,686,600 registered shares with a nominal value of CHF 1.00 each

HIAG Immobilien Holding AG with registered office at Aeschenplatz 7 in 4502 Basel, Switzerland (the "**Issuer**" or the "**Company**" and together with its subsidiaries the "**Group**" or "**HIAG**") is offering up to 1,686,600 registered shares (*Namenaktien*) of the Issuer with a nominal value of CHF 1.00 each (the "**Offered Shares**" together with all existing registered shares of the Issuer with a nominal value of CHF 1.00 each (the "**Existing Shares**") are referred to herein as the "**Shares**", and each a "**Share**"). The Offered Shares will be issued in the course of an authorised capital increase as authorised by the existing shareholders of the Issuer at the shareholders' meeting of 29 September 2021 and be eligible for dividends and other distributions of the Company, if any, for the financial year 2021 ending as of 31 December 2021.

The offering (the "**Offering**" or the "**Offer**") consists (i) of a rights offering (the "**Rights Offering**"), in which the Issuer's eligible holders of Existing Shares will be entitled under Swiss Law and the Issuer's articles of association dated 29 September 2021 (the "**Articles of Associatio**n") to a pre-emptive right for each Existing Share they hold to subscribe, subject to certain limitations based on residency (see "*SELLING AND TRANSFER RESTRICTIONS*"), at the Subscription Ratio (as defined below) for Offered Shares (the "**Rights**") and (ii) a public share offering in Switzerland and private placements to institutional investors in selected countries (without, in particular, the USA), in which Offered Shares in respect of which Rights have not been validly exercised during the Rights Exercise Period will be offered to investors, subject to certain selling restrictions (see "*SELLING AND TRANSFER RESTRICTIONS*") (the "**Share Placement**").

Subject to applicable law and on the terms and conditions of this prospectus (the "**Prospectus**"), and together with any supplement hereto, holders of Existing Shares after the close of trading on SIX Swiss Exchange on 3 November 2021 (the "**Cut-off Date**") will be allotted one (1) Right per each Existing Share held. Five (5) Rights will grant the right to purchase two (2) Offered Shares at the Offer Price, subject to the terms and conditions set out in this Prospectus (the "**Subscription Ratio**"). The beneficial owners of about 63.1% of the Existing Shares as of 30 September 2021, Dr. Felix Grisad, Salome Grisard Varnholt and Andrea Grisard (together the "**Majority Shareholders**") are expected to exercise through SFAG Holding AG, Basel, Switzerland, in total about 17.8% of their Rights thereby acquiring about 189,474 Offered Shares, assuming an Offer Price (as defined below) of CHF 95.00 (mid-point of the Offer Price Range (as defined below)). The Company will not exercise the Rights regarding its Own Shares (as defined below). The Existing Shares are expected to be traded ex-Rights on SIX Swiss Exchange as of 4 November 2021.

The Offered Shares will be offered within a price range of CHF 94.00 to CHF 96.00 (the "**Offer Price Range**"). The definitive price for the Offered Shares (the "**Offer Price**") and the definitive number of Offered Shares placed are expected to be determined on or about 15 November 2021 based on the results of a bookbuilding expected to be proceeded from 4 November 2021 to 15 November 2021, 12:00 noon (CET) (the "**Bookbuilding**") and in agreement between the Issuer and the Sole Lead Manager (as defined below), and will be published in a supplementary to this Prospectus (the "**Supplementary**") and in a media release by the Issuer on or about 16 November 2021.

Rights must be exercised between 4 November 2021 and 12 November 2021, 12:00 noon (CET) (the "**Rights Exercise Period**") and subscriptions for the Offered Shares must be placed between 4 November 2021 and 15 November 2021, 12:00 noon (CET) (the "**Share Placement Period**"). Rights are transferrable but neither the Company nor the Sole Lead Manager (as defined below) will facility any trading in the Rights. Rights which have not been validly exercised during the Rights Exercise Period will expire and become null and void without compensation. The exercise of the Rights and the subscription for Offered Shares are irrevocably and may not be cancelled, modified, rescinded or withdrawn (Article 56 paragraph 5 of the Federal Act on Financial Services of 15 June 2018, as amended ("**FinSA**", *Finanzdienstleistungsgesetz*) remains reserved).

The Existing Shares are listed in accordance with the Standard for Real Estate Companies on SIX Swiss Exchange under the symbol "HIAG". The Company has applied for and approval has been given by the reviewing body of SIX Exchange Regulation AG, subject to certain conditions, for the Offered Shares to be listed in accordance with the Standard for Real Estate Companies on SIX Swiss Exchange. It is expected that the Offered Shares will be listed, and trading in them will commence, on or about 18 November 2021 (the "**First Trading Day**"). The Offered Shares are to be accepted for clearance through SIX SIS Ltd ("**SIS**"). Delivery against payment for the Offered Shares in the form of intermediated securities (*Bucheffekten*) pursuant to the Federal Act on Intermediated Securities of 3 October 2008, as amended ("**FISA**", *Bucheffektengesetz*) is expected to take place on or about 18 November 2021 (the "**Settlement Date**"). Since the Offered Shares will be issued in the form of de-materialised (or uncertificated) securities (*Wertrechte*), no share certificates will be issued and no share certificates will be available for individual physical delivery, see "*CAPITAL AND VOTING RIGHTS – Description of the Shares – The Shares*".

No action has been or will be taken by the Company that would permit a public offering of the Rights or the Offered Shares in any jurisdiction other than Switzerland. The Rights and Offered Shares have not and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or any jurisdiction other than Switzerland and with any securities regulatory authorities of any state or jurisdiction in the United States of America or of any jurisdiction other than Switzerland, and may not be offered, sold, resold, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in or into the United States of America or any jurisdiction other than Switzerland, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or the registration requirements of any other jurisdiction in which it would be permissible to make an offer of the Rights or the Offered Shares.

Investing in the Offered Shares or the Rights involves considerable risk. Investors may suffer a complete or partial loss of their investment. For a discussion of certain factors that should be considered in deciding whether to invest in the Offered Shares or the Rights, see "*RISK FACTORS*". For a description of certain restrictions regarding the exercise of the Rights for, and the offering and sale of, Offered Shares, see "*SELLING AND TRANSFER RESTRICTIONS*".

This Prospectus has been prepared in accordance with the listing rules of SIX Exchange Regulation AG (the "**Listing Rules**") and FinSA, the Federal Financial Services Ordinance of 6 November 2019, as amended ("**FINSO**", *Finanzdienstleistungsverordnung*).

Prospectus dated 1 November 2021
and has been approved by the reviewing body of SIX Exchange Regulation AG on 1 November 2021

Sole Lead Manager and Bookrunner
Zürcher Kantonalbank (the "**Sole Lead Manager**")

IMPORTANT IMFORMATION ABOUT THIS PROSPECTUS

We assume responsibility pursuant to article 4 of attachment 1 of FINSO for the completeness and accuracy of this Prospectus. We confirm that, to the best of our knowledge and after having made all reasonable enquiries, the information in this Prospectus is correct and no material factor has been omitted.

Prospective investors should only rely on, and purchase the Offered Shares or the Rights, solely on the basis of the information contained in this Prospectus and they are advised to familiarise themselves with the entire content of this Prospectus. No person has been authorised to give any information or make any representation in connection with the offering of the Offered Shares or the Rights other than those contained in this Prospectus. Neither the delivery of this Prospectus nor any exercise, purchase or sale made in connection with the Offering nor any subsequent transfer or sale of Shares shall, under any circumstances, create any implication that our affairs remain unchanged since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date. Any significant new factor or material inaccuracy related to the information included in this Prospectus which is capable of affecting the assessment of the Offered Shares (including the Rights) and which arises or is noted between the date of this Prospectus and the First Trading Day or, as the case may be, the time when trading in the Offered Shares on SIX Swiss Exchange begins, will be announced through electronic media. Notices required under the Listing Rules will be published in electronic form on the website of SIX Exchange Regulation AG (currently https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/). Changes so notified will be deemed to constitute an amendment or supplement to this Prospectus. Information on HIAG's website, any website directly or indirectly linked to HIAG's website or any website referred to in this Prospectus does not constitute in any way part of this Prospectus and is not incorporated by reference into this Prospectus, unless specifically provided for herein.

This Prospectus is being furnished solely for the purpose of enabling a prospective investor to consider an investment in the Offered Shares or the Rights. Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents and any use of any information herein for any purpose other than considering an investment in the Offered Shares are prohibited, except to the extent that such information is otherwise publicly available. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this Prospectus should subscribe for or purchase the Offered Shares or the Rights. Each prospective investor contemplating making an investment in the Offered Shares or the Rights must make its own investigation and analysis of our financial condition, affairs and creditworthiness and of the terms and conditions of the Offering, including the merits and risks involved, and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment.

The contents of this Prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult its own legal, financial, business or tax advisers for legal, financial, business or tax advice.

We are not making any representation to any prospective offeree or purchaser of the Offered Shares (including the exercise of Rights) regarding the legality of an investment in the Offered Shares by such offeree or purchaser under applicable investment or similar laws.

The Offering may be withdrawn at any time, and the Issuer reserves the right to reject any offer to purchase the Offered Shares, in whole or in part, and to sell to any prospective investor less than the full amount of the Offered Shares sought by such investor in the Share Placement.

Other than in Switzerland, we have not taken or will take any action in any jurisdiction that would permit a public offering of the Offered Shares (including the exercise of Rights), or the possession, circulation or distribution of this Prospectus or any other material relating to us or the Offered Shares, in any jurisdiction where action for such purpose is required. This Prospectus does not constitute an offer to sell or the solicitation of an offer to subscribe for or purchase any securities other than the Offered Shares or the Rights, or an offer to sell or the solicitation of an offer to subscribe for or purchase the Offered Shares or the Rights in any circumstances in which such offer or solicitation is or would be unlawful. The distribution of this Prospectus and the offer or sale of the Offered Shares or the Rights in certain jurisdictions is restricted by law, see "*SELLING AND TRANSFER RESTRICTIONS*". We do not represent that this Prospectus may be lawfully distributed, or that the Offered Shares may be lawfully offered or that the Rights may be lawfully exercised, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, the Offered Shares may not be offered or sold and the Rights may not be exercised, directly or indirectly, and this Prospectus may not be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations of all relevant jurisdictions. We require you to inform yourself about and to observe any restrictions imposed by such laws and regulations.

Receipt of this Prospectus, or of any other materials concerning the Offering or the crediting of Rights to an account held with a direct or indirect participant in SIS does not, and will not, constitute an offer of Rights or Offered Shares in such jurisdictions in which it would not be permissible to make an offer of the Rights or Offered Shares. Persons outside Switzerland should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to exercise their Rights. In particular, any person (including, without limitation, nominees and trustees of such a person) outside Switzerland wishing to transfer, exercise or acquire Rights or Offered Shares under the Offering must satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Available of documents

Copies of this Prospectus can be downloaded from HIAG's website (https://www.hiag.com/en/investors/reporting-centre/) or are available free of charge at Zürcher Kantonalbank, IHKT, P.O. Box, 8010 Zurich, Switzerland (e-mail: prospectus@zkb.ch; phone: +41 44 292 20 11).

Prospectus language

This Prospectus, including the financial statements of HIAG and the Company included or referenced to herein, is available in English language only and provides information about the Company and the Shares.

Figures used in this Prospectus

Figures in CHFm, CHFb or sqm used or references to in this Prospectus are, unless indicated otherwise or if the content requires otherwise, rounded figures.

Certain definitions and specification of used terms

In this Prospectus, we use the terms "**we**", "**our**" and "**us**" and similar terms when we refer to the Company and its subsidiaries, portfolio companies and investments taken as a whole and do not distinguish among these entities unless the context requires otherwise.

For information on the meaning of defined terms used in this Prospectus, see "*DEFINITIONS*".

Selling and transfer restrictions

No action has been or will be taken by the Company or the Sole Lead Manager, other than in Switzerland, which would permit a public offering of any of the Offered Shares or Rights or the distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required. Accordingly, Offered Shares and Rights may not be offered, sold or distributed, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. For specific selling and transfer restrictions regarding the USA, US persons, the EEA and the UK see "*SELLING AND TRANSFER RESTRICTIONS*".

By accepting delivery of this Prospectus, each holder of Rights or representative of such holder acknowledges that such holder or representative, including a depositary bank, custodian or other financial intermediary (*Depotbanken*) ("**Depository Banks**"), may not exercise Rights on behalf of any person that is located in a jurisdiction in which it would not be permissible to make an offer of the Offered Shares and any such representative, including a Depositary Bank, will be required, in connection with any exercise of Rights, to certify that such exercise is not on behalf of such a person and is otherwise in accordance with the restrictions to the offer and sale of Offered Shares set forth in this Prospectus.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Presentation of financial statements

HIAG's audited consolidated annual financial statements included or referenced to in this Prospectus as of and for the financials years ended 31 December 2019 and 2020, including previous year figures, are prepared and presented in accordance with the Swiss Accounting and Reporting Recommendations, as amended ("**Swiss GAAP FER**"), the Listing Rules, in particular taking into account the special provisions for real estate companies stipulated under article 17 of SIX Exchange Regulations AG's Directive on Financial Reporting, and Swiss corporate law and were audited by Ernst & Young Ltd, Basel.

HIAG's unaudited consolidated semi-annual interim financial statements included or referenced to in this Prospectus as of and for the financial half-year ended 30 June 2021 are prepared in accordance with Swiss GAAP FER 31 supplementary financial reporting recommendations for listed companies, the Listing Rules and Swiss corporate law.

The Company's audited annual statutory financial statements included or referenced to in this Prospectus as of and for the financial year ended 31 December 2020 are prepared in accordance with the accounting principles of the Swiss Code of Obligations of 30 March 1911, as amended (the "**CO**", *Obligationenrecht*) and the Articles of Association and were audited by Ernst & Young Ltd, Basel.

Regarding language of the financial statements available, see "*IMPORTANT INFORMATION ABOUT THIS PROSPECTUS – Prospectus language*".

Industry and market data

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to HIAG's business contained in this Prospectus has been derived, amongst other, from the following data sources:

- BAK Economics AG;
- KOF Swiss Economic Institute;
- State Secretariat for Economic Affairs ("**SECO**"); and
- Swiss Federal Statistical Office ("**SFSO**");
- Swiss National Bank ("**SNB**")
- Wüest Partner AG.

For information on the data sources used for purposes of the Market Report, see "*INDUSTRY BACKGROUND AND MARKET OVERVIEW – Introduction – Sources*".

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that there can be no assurance as to the accuracy and completeness of such information. We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified any of the data from third party sources.

Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Prospectus, see " – *Forward-looking statements*".

While HIAG and Wüest Partner (as defined below) have compiled, extracted and reproduced market or other industry data from external sources, including industry or general publications, they believe to be reliable, neither HIAG, Wüest Partner (as defined below) nor the Sole Lead Manager have independently verified that data. Neither HIAG, Wüest Partner (as defined below) nor the Sole Lead Manager can assure you of the accuracy and completeness of, and take no responsibility for, such data. Furthermore, while HIAG and Wüest Partner (as defined below) believe their internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither HIAG, Wüest Partner (as defined below) nor the Sole Lead Manager can assure you as to their accuracy or that a third party using different methods to assemble, analyse or compute market data would obtain the same result. Neither HIAG, Wüest Partner (as defined below) nor the Sole Lead Manager intend, and do not assume any obligations, to update industry or market data set forth in this Prospectus. Finally, behaviour, preferences and trends in the marketplace tend to change. As a result, investors and prospective investors should be aware that data in this Prospectus and estimates based on that data may not be reliable indicators of future results.

Valuation of independent appraiser

Wüest Partner AG, a corporation (*Aktiengesellschaft*) incorporated under Swiss law with registered domicile at Bleicherweg 5, 8001 Zurich, Switzerland ("**Wüest Partner**"), an independent real estate appraiser, was commissioned by the Company to perform a valuation, for accounting purposes, of the Properties held by HIAG in Switzerland as of 30 June 2021 (the "**Valuation Date**"), based on their estimates of the fair market value of those assets (the "**Valuation Report**"). This valuation by Wüest Partner was performed in accordance with national and international standards and guidelines. The Property values determined correspond to the current value (market value) in accordance with Swiss GAAP FER 18, item 14. Fair market value is defined as the amount for which a Property would most probably be exchanged on the open market on the Valuation Date between two independent and knowledgeable parties, willing to buy and sell, respectively, with due allowance made for a reasonable marketing period.

Wüest Partner accepts no third-party liability in respect of their valuations. Investors should conduct their own investigation to determine if they would agree with the appraisals prepared for HIAG.

For information the valuation expert and the valuation methods applied for purposes of the Valuation Report, see "*BUSINESS ACTIVITIES AND PROSPECTS – Valuation*".

Forward-looking statements

This Prospectus contains statements that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims", "believes", "outlook", "estimates", "paves way", "anticipates", "expects", "intends", "targets" "may", "will", "plans", "projects", "continue" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, assumptions, expectations, future events or intentions. These forward-looking statements include matters that are not historical facts or which may not otherwise be provable by reference to past events. They appear in a number of places throughout this Prospectus and include statements regarding HIAG's intentions, beliefs or current expectations concerning, among other things, HIAG's results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and also the industries and the economic environments in which HIAG operates.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and/or depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Prospective investors should not place undue reliance on these forward-looking statements. In addition, even if HIAG's results of operations, financial condition and liquidity, the development of the industry in which it operates and the effect of acquisitions on it are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements are only made as of the date of this Prospectus and neither HIAG nor the Sole Lead Manager intend, and do not assume any obligation, to update any forward-looking statements contained in this Prospectus, except as required by Swiss law or applicable stock exchange regulations.

Many factors may cause HIAG's results of operations, financial condition, liquidity, dividend policy and the development of the markets in which HIAG operate to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

These factors, include but are not limited to, risks and others described under "*RISK FACTORS*". For example, factors that could cause actual results to vary from projected results include, but are not limited to:

- our ability to implement our business strategies;
- expectations, projections and growth prospects;
- planned acquisitions or development projects, or any other projects in our project pipeline;
- our anticipated future revenues, capital expenditures and financial resources;
- competitive strengths and weaknesses;

- trends in the real estate markets in which we operate;
- the effects of legislation, regulation, bureaucracy or taxation on our business;
- political and social developments;
- our financial condition and liquidity;
- unusual changes in foreign exchange rates;
- financial crisis and inflation;
- pandemics, epidemics, natural disaster, terrorist attacks and warlike events;
- general economic, market and business conditions; and
- other risks or uncertainties.

Other sections of this Prospectus describe additional factors that may adversely affect HIAG's results of operations, financial condition, liquidity, dividend policy and the development of the markets in which HIAG operates. The Company urges each prospective investor to read the sections of this Prospectus entitled "*RISK FACTORS*", "*INDUSTRY BACKGROUND AND MARKET OVERVIEW*" and "*BUSINESS ACTIVITIES*" for a more complete discussion of the factors that could affect HIAG's future performance and the markets in which HIAG operates. New risks may emerge from time to time, and it is not possible for HIAG to predict all such risks, nor can HIAG assess the impact of all such risks on its business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual performance or results.

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SUMMARY
(Art. 54 of the Financial Services Ordinance)

This summary is to be understood as an introduction to this Prospectus.

The investor must base its decision to invest (investment decision) on the information in this Prospectus (in its entirety) and not on this summary.

The liability for the summary is limited to cases where the information contained therein is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Overview

HIAG is a leading player in real estate development and management of commercial and selected residential Properties in Switzerland. The Group focuses on large, well-positioned Sites with good transport connections and significant development potential in densely populated regions in the economic core regions in the German- and French-speaking Switzerland. HIAG's business model focuses on creating destinations that offer people living space and company's room to flourish in the long term.

HIAG's core competence is Site development and the operational management excellence along the entire value chain during the life cycle of a Property, HIAG strives for long-term qualitative growth and high overall profitability.

The continuously increasing Property Income base of the existing Investment Properties Portfolio enables stable cash flow returns and sustainable increases in value to be realised through the cross-generational project pipeline.

HIAG's strong market position in German- and French-speaking Switzerland is actively used to continuously optimise the Investment Properties Portfolio and to continually extend the project pipeline. In doing so, HIAG consistently uses its strength as a listed real estate company with a long-term oriented anchor shareholder, as well as its open corporate culture with short decision-making processes and its high level of client orientation, to proactively and innovatively exploit market developments.

HIAG's business

HIAG pursues an integrated business model that covers the entire life cycle of a Property. The core of HIAG's business model is (i) sustainable Site and project development, (ii) active portfolio and asset management, as well as the Group's own commercial and technical facility management, the real estate portfolio is continuously optimised by the (iii) transaction management with a focus on value generation over generations through acquisitions and sales within the value chain.

The basis of HIAG's business model is the Development Portfolio (as defined below) with its outstanding project pipeline and the existing Yielding Portfolio with a stable Property Income situation of long-term leased commercial, office and logistics Properties as well as selected residential Properties.

HIAG's business is summarised in two (2) main segments: Yielding Portfolio and Development Portfolio (as defined below). In the context of this Prospectus, "**Yielding Portfolio**" comprises Properties for which no development is planned and which are intended to generate a stable and predictable income and "**Development Portfolio**" comprises Properties for which development is planned in the short-, mid-, or long-term.

Furthermore, HIAG's business activities include beside to the real estate business in the context of its reporting for the financial year 2020 the segments "Cloud Services" and "Others". On 13 August 2019, the Board of Directors of the Company (the "**Board of Directors**") decided to continue the "Cloud Services" segment on a non-operational basis with the exception of the leasing activities of the existing infrastructure, which finally ends on 31 December 2021. As of 17 August 2021 (daily register date), HIAG Data AG, Zurich, the Company's subsidiary that provided services for the "Cloud Services" segment, has been renamed to HIAG Immobilien AG, Zurich, which will be exclusively a real estate company. The segment "Others" contains ancillary activities of the Group and the activities from the metal recycling business of Jaeger et Bosshard SA, Lancy, which was acquired in the 2019 financial year for the purpose of land consolidation in Geneva-Lancy. In addition, the segment "Others" contains activities in the area of employee benefits and personnel services. These activities include fees for services to the pension funds, as well as general human resources functions.

As of 30 June 2021, the headcount of the Group's core team real estate team amounted to 59 professionals located in three (3) offices in Switzerland, covering the primary business activities as well as corporate functions such as accounting, human resources and marketing. The management function of the Group is divided between the executive board of the Company (the "**Executive Board**"), consisting of the Company's chief executive officer (the "**CEO**"), the chief financial officer (the "**CFO**") and the general counsel (the "**GC**"), and the management staff, which further comprises the head of portfolio management, the Site developers and the head of transactions (together the "**Management Staff**"). The members of the Executive Board and the Management Staff have a broad background of expertise combining technical, legal, real estate and finance experience. The commercial and technical facility services team with 19 professionals for the management of the most part of the Investment Properties is located on or near HIAG's larger Sites (Aathal (ZH), Dietikon (ZH), Biberist (SO), Dornach (SO), Windisch (AG), Yverdon (VD)). External service providers are used for smaller Properties or Properties that cannot be quickly reached geographically by our own team.

In the financial year 2020, HIAG generated an EBITDA of CHFm 70.3 (financial year 2019: CHFm –38.4). The EBITDA that HIAG generated in the first half year 2021 amounted to CHFm 53.0 (first half year 2020: CHFm 30.0).

HIAG's Investment Properties Portfolio

As of 30 June 2021, HIAG's Investment Properties Portfolio comprised 118 Properties on 46 Sites and was valued at CHFb 1.8. The Group's Investment Properties Portfolio included a lettable area of approximately 624,600 sqm with an Annualised Property Income of CHFm 65.7 and a Potential Property Income of CHFm 73.7. The Group's Investment Properties Portfolio is diversified with significant exposure to industrial, logistics, residential, retail and office use. The Group's net asset value amounted to CHFm 785.0. The loan to value-ratio was 51.0% as of 30 June 2021.

As of 30 June 2021, the Yielding Portfolio consisted of 74 Properties with a lettable area of approximately 467,400 sqm, a Potential Property Income of CHFm 60.0 and a Fair Value of CHFb 1.2. The occupancy rate in the Yielding Portfolio amounted to 90.3%. The top five (5) Sites and their respective Fair Values in the Yielding Portfolio were Dietikon, ZH (CHFm 141.4), Meyrin, GE (CHFm 107.0), Kleindöttingen, AG (CHFm 96.5), Goldach, SG (CHFm 69.0), and Windisch, AG (CHFm 68.1). In total, these top five (5) Sites accounted for about 42% of the Yielding Portfolio's Fair Value.

As of 30 June 2021, the Development Portfolio consisted of 44 Properties with a lettable area of approximately 157,200 sqm, a Potential Property Income of CHFm 13.7 and a Fair Value of CHFm 617.1. The occupancy rate in the Development Portfolio amounted to 84.2%. The top five (5) Sites and their respective Fair Values in the Development Portfolio were Cham, ZG (CHFm 89.2), Meyrin, GE (CHFm 71.8), Niederhasli, ZH (CHFm 103.9), Lancy, GE (CHFm 49.3), and Altstetten, ZH (CHFm 47.2). In total, these top five (5) Sites accounted for about 59% of the Development Portfolio's Fair Value. The Group currently pursues about 60 short-, mid- and long-term development projects.

Including the two (2) Properties under construction (LEM Meyrin (GE) and XXXLutz Dietikon (ZH)), the Group currently pursues about 60 potential short-, mid- and long-term development projects. Of these, 14 development projects with about 109,000 sqm of usable space and an expected investment volume of CHFm 343.0 are to be initiated in the next three (3) to four (4) years. After completion and full occupancy, these 14 development projects are expected to generate Potential Property Income of CHFm 21.8 and sales proceeds from promotion projects of CHFm 72.0. Currently, two (2) fully let Properties with an Annualised Property Income after completion of CHFm 5.4 and an average contract term of 15 years are under construction (LEM Meyrin (GE) and XXXLutz Dietikon (ZH)). The completion of HIAG's current development plans is expected to create an additional lettable area of approximately 783,000 sqm (including promotion Properties (promotion projects) that are planned to be sold in the market) with a Potential Property Income of CHFm 161.0 plus sales from promotion projects of approximately CHFm 550.0. The expected investment volume of the Development Portfolio without future acquisitions amounts to CHFb 2.9, thereof CHFb 2.5 of which shall be realised in the next ten (10) years.

Furthermore, the Group is monitoring the market for potential on- and off-market acquisitions, which would add additional Properties to its Investment Properties Portfolio.

Strategy

HIAG aims to be the leading player in long-term reuse and development of mainly Commercial Sites and selected residential Properties in Switzerland. HIAG also aims to achieve high and above-average returns by using its strong position in German-speaking and French-speaking Switzerland, and continually expanding its multifaceted, geographically diversified Investment Properties Portfolio.

HIAG's business is focused on industrial, office and logistics Properties as well as selected residential Properties at well-connected Sites in future-oriented growth regions along the main traffic axes. HIAG concentrates on sustainable development and the active management of its Properties over the entire cycle from interim use to creation and until after completion.

The Group's objective is to continue creating above average returns for its shareholders by building on its strengths, its focused business model and its strong project pipeline consisting of around 60 potential development projects. HIAG has several value drivers that work together to generate attractive overall returns for shareholders. Thanks to a diversified and high-quality group of tenants, the Investment Properties Portfolio provides stable and projectable income and therefore supports the distribution of constant dividend.

HIAG invests in infrastructure wherever its integration at the Site provides an economic or environmental benefit. For that reason, HIAG has several hydroelectric plants in its Investment Properties Portfolio and invests in power plant infrastructure only in its Investment Properties Portfolio with its new joint venture HIAG Solar (as defined below).

Key strengths

Significant value creation in Property lifecycle

HIAG's expertise allows the Group to engage in the development of a Site or Property at a stage in the Property lifecycle at which there is significant value creation potential.

The value of a Site or Property at a late stage of its initial lifecycle typically reflects uses that have limited value added activities. Generally, the initiation of a new life cycle facilitates the development of the full potential of a Site, whose value might have also increased significantly over time due to the evolution of the surrounding community.

A first significant part of the increase in value is created through the (i) realisation of higher-value uses and higher density framework conditions on the Sites with the use of suitable planning instruments under building law. This can include special use planning or other planning law instruments such as rezoning. A further part of the value creation takes place through the (ii) settlement of temporary uses, with which a steady cash flow can be generated until the start of construction. Additional potential significant value uplift is mainly based upon (iii) the identification of uses that create the highest possible added value to its potential tenants from a long-term perspective, (iv) the marketing of these uses and the steering of the permission and planning process and (v) construction cost management during the development process. HIAG has a specialised business model focused on realising this potentially significant value of sites in a post-industrial context.

Leadership in a market with attractive growth drivers

HIAG's positioning in the market is characterised by several distinct features. Firstly, the Group's development activities are complex – the majority of its current development projects are executed on Sites with an industrial history and significant development potential. Most of the non-residential Sites have a diversified multi-type tenant profile. The Group operates on large scale projects based on 46 Sites with an average effective Site area of approximately 41,000 sqm and a total Site area of 2.6 million sqm, of which 1.6 million sqm are zoned and built with a lettable area of approximately 467,000 sqm. Furthermore, the Group has an actual project pipeline on its own land comprising of about 60 projects with a development potential of 783,000 sqm usable area including 3,200 residential units and a total investment volume of CHFb 2.9. The corresponding Potential Property Income is CHFm 161.0 plus sales from promotion projects of CHFm 550.0.

The Group also benefits from experienced members of its Executive Board and Management Staff which have a diversified career and educational backgrounds. Expertise across technical, real estate and financial areas enable the Group to create value through industrial development, the latter being a strong distinguishing feature as compared to many other companies active in development of Properties. In addition, its large existing project pipeline on its own land gives the Group a significant competitive advantage and raises certain barriers to entry for competitors seeking to build a comparable Development Portfolio and track record.

The Properties of the Group with the focus on industry and light industrial uses with an attached office share are well positioned in the market with approximately 90% of the Investment Properties Portfolio being located in Switzerland's main economic regions around around Baden/Brugg, Zurich/Zug, Solothurn/Basel and Geneva. The shortage of land in these regions along with recent regulation limiting the possibility to (re)zone agricultural land, supports the need to densify and develop certain post-industrial areas.

The Group's leading position is further supported by the Swiss market's comparatively robust long-term macroeconomic variables and supportive demographics. The dynamics in the Swiss industrial sector and the ability of these industries to invest in optimising their processes create continuous conversion and expansion opportunities based on the shift in demand for industrial space from low-growth industrial sectors (e.g. wood and paper, textiles, chemicals) to high-growth industrial subsectors (e.g. mechanical engineering, metal and plastics processing, electronic equipment for the food and beverage industry, health and pharmaceutical industry and infrastructure for the public sector).

In addition, HIAG already has a considerable share of logistics centres and large warehouse areas in its Investment Properties Portfolio that can be used for various warehouse and logistics concepts (Brunegg (AG), Biberist (SO), Birsfelden (BL), Buchs (AG), Kleindöttingen (AG)). In Switzerland, a continuing additional demand for various logistics and storage areas is expected. In the future, demand is expected to increasingly be directed towards locations that can guarantee supply chains, even under extraordinary conditions. The demand for Properties close to urban centres is also expcted increase in order to be able to deliver the increasing number of online orders in the business to client (*B2C*) and business to business (*B2B*) sectors more cost-effectively and quickly. However, Properties that meet these requirement criteria are already very rare today. Logistics buildings require an above-average amount of land due to the delivery of goods by truck. The search for a location is therefore usually very challenging because sufficiently large parcels of land are rare in small-scale Switzerland. It is made even more difficult by the fact that the heavy traffic related to a logistics operation often meets with widespread disapproval and such construction projects are subject to corresponding opposition.

Due to the availability of very large areas of land in its Development Portfolio, HIAG has the possibility of settling various logistics uses at suitable locations (e.g. Winterthur (ZH), Bussigny (VD), Lupfig (AG), Biberist (SO), Dornach (SO), Brunegg (AG)). This ability will further strengthen HIAG's position in the logistics space market, which is expected to lead to increasing earnings and value growth for the Investment Properties Portfolio.

Comprehensive transaction knowledge and experience

HIAG's strong development activities of Sites with an industrial past, strengthens the Group's general positioning in the Swiss real estate market. The Group also leverages its relationships and access into the transaction market and has therefore around 60% of its recent acquisitions in "off-market" transactions completed.

HIAG has a recognised knowledge in the direct purchase and sale of real estate as well as in alternative transaction forms such as sale-and-lease-back transactions, the acquisition of real estate companies and contributions in kind of real estate against the issue of new or existing shares (*Sacheinlage*). This comprehensive transaction experience, short decision-making channels and a specific process design promote flexible and fast project handling. Transparent processes are emphasised, and a hand is offered for individual solutions e.g. in terms of tax optimised transaction structures.

Track record of strong Investment Properties Portfolio and Property Income growth

HIAG has a proven track record of delivering growth and at the same time strong returns for its shareholders. The Group's Investment Properties Portfolio has grown by about 250% from about CHFm 707.0 as of 31 December 2010 to about CHFb 1.8 as of 30 June 2021. Since the Company's initial public offering (*IPO*) in May 2014, there was a growth of the Investment Properties Portfolio's Fair Value by 59% from CHFb 1.1 as of 30 June 2014 to CHFb 1.8 as of 30 June 2021 and the Annualised Property Income has raised in this period by 31% from CHFm 50.0 to CHFm 65.7. This shows that the Group is able to successfully find and acquire new Sites, realise extensive investment and development plans and achieve revaluation gains, which are primarily due to development activity rather than market developments through yield compression.

Strategic focus and differentiated real estate investment proposition

HIAG has a strategic focus on what it regards as the most profitable activities in the real estate value chain. Key processes, e.g. the acquisition of Sites, the steering of permission processes, development planning, letting and Property transaction activities are primarily completed in-house. Facility management is also completed in-house onsite in certain cases where the Group considers it is important to be "close to the asset", e.g. development activities on Sites and temporary uses with an industrial context. Areas which are subject to potentially higher market competition, have comparatively lower margins or are more resource intensive are outsourced, e.g. architectural and technical planning, construction work or facility management for common Yielding Properties.

HIAG combines the holding of Yielding Properties with other Sites having specialised development potential. The Group believes that this, together with its sizeable land bank and proven ability to conduct development on Sites with industrial context, are the main differentiating factors setting it apart from other listed companies in the Swiss real estate sector.

Multiple performance drivers

HIAG has multiple growth drivers to generate attractive returns for shareholders. The Yielding Portfolio is intended to generate a relatively stable and predictable income based on its diversified usages and high-quality tenant base. The weighted average lease term of the Yielding Portfolio is 8.1 years. As of 30 June 2021, the Fair Value was CHFb 1.2 and the Potential Property Income of CHFm 60.0 which corresponds to a gross yield of 5.2%. The comparison between the cost of debt capital of 0.9% and the net yield of 3.7% achieved on the Yielding Portfolio shows a still attractive interest spread of 2.8%.

The Development Portfolio is expected to be a key driver of future net asset value (the "**NAV**") growth. As of 30 June 2021, the Fair Value was CHFm 617.0 and the gross yield was 2.2%. Based on the current plans of the Group, approximately 783,000 sqm effective usable area are planned for development. Furthermore, HIAG is expecting to generate proceeds through capital recycling partially driven by cycle-optimised sales of promotion projects of approximately CHFm 550.0.

Furthermore, the sale of non-strategic Properties is also planned in the sense of capital recycling. These are Properties that are not in line with HIAG's strategy in terms of type of use, user and location, or that require too much management/ maintenance, or Properties whose potential has been exhausted and which no longer offer HIAG any potential within the scope of its strategy and generate attractive sales proceeds in relation to the return. The proceeds from such capital recycling are planned to primary support Capex for the project pipeline and secondary for potential acquisitions. Since autumn 2020 until August 2021, HIAG has already sold Properties in the amount of CHFm 40.0 (Fair Value) with a gross sales profit of 20% on average. In addition, successful Property acquisitions in 2020 and 2021 in the amount of approximately CHFm 97.0 resulted in a valuation gain before deferred taxes of approximately 14%.

Subject to a stable market environment, all Group's business segments are expected to continue to generate significant contributions to the Group result. The main contribution will continue to come from operating income. Positive changes in value in the Yielding Portfolio are still possible through active portfolio management with new leases and an increase in the occupancy rate, as well as through selective rent increases in certain use segments. Large development gains in the form of positive valuation effects are expected as a result of the increasing development activity and project progress in the coming years. In addition, it is intended to achieve sales profits and valuation gains through targeted sales of Properties and opportunistic acquisitions of Properties. In total, the earnings per share should continuously increase from improved operating income and development gains as well as from cost efficiency increases.

The Offering

Issuer	HIAG Immobilien Holding AG, a corporation (*Aktiengesellschaft*) incorporated under Swiss law with registered offices at Aeschenplatz 7 in 4052 Basel, Switzerland, and registered with the Commercial Register (*Handelsregister*) of the Canton of Basel-Stadt (CHE-102.997.860) since 6 May 1969. The Company has been incorporated on 6 May 1969 (date of first registration) for an unlimited period of time.
Offering	The Offering consists of (i) the Rights Offering, in which the Issuer's eligible holders of Existing Shares (registered shares of the Issuer with a nominal value of CHF 1.00 each) will be entitled under Swiss Law and the Articles of Association to a pre-emptive right for each Existing Share they hold to subscribe, subject to certain limitations based on residency (see "*SELLING AND TRANSFER RESTRICTIONS*"), at the Subscription Ratio for Offered

	Shares (registered shares of the Issuer with a nominal value of CHF 1.00 each) and (ii) the Share Placement, in which Offered Shares in respect of which Rights have not been validly exercised during the Rights Exercise Period will be offered, subject to certain selling restrictions, to investors in selected countries (see "*SELLING AND TRANSFER RESTRICTIONS*").
Subscription Ratio	Five (5) Rights will grant the right to purchase two (2) Offered Share at the Offer Price.
Intention of Majority Shareholders and the Company	The Majority Shareholders are expected to exercise through SFAG Holding AG, Basel, Switzerland, in total about 17.8% of their Rights thereby acquiring about 189,474 Offered Shares, assuming an Offer Price of CHF 95.00 (mid-point of the Offer Price Range). The Company will not exercise the Rights regarding its Own Shares (as defined below).
Allocation of Rights	Subject to the terms and conditions of this Prospectus, holders of Existing Shares registered through SIS on the Cut-off Date, after the close of trading on SIX Swiss Exchange on 3 November 2021, will be allocated one (1) Right per Existing Share held. In certain jurisdictions, holders of Existing Shares may not be able to exercise their Rights. See "*SELLING AND TRANSFER RESTRICTIONS*".
Rights Exercise Period	The Rights Exercise Period is expected to start on 4 November 2021 and end at 12 November 2021, 12:00 noon (CET). Holders of Rights wishing to exercise Rights and subscribe for Offered Shares must do so according to the instructions of their depository bank, custodian or other financial intermediaries. Offered Shares not taken up by existing shareholders in the Rights Offering will be available for allocation in the Share Placement.
Share Placement Period	The Share Placement Period is expected to start on 4 November 2021 and end at 15 November 2021, 12:00 noon (CET).
Trading of Rights	The Rights are transferrable but neither the Company nor the Sole Lead Manager will facilitate any trading in the Rights.
Offer Price Range	CHF 94 to CHF 96 per Offered Share.
Offer Price and definitive number of Offered Shares	The Offer Price and the definitive number of Offered Shares are expected to be determined on or about 15 November 2021 based on the results of the Bookbuilding expected to be proceeded from 4 November 2021 to 15 November 2021, 12:00 noon (CET) and in agreement between the Issuer and the Sole Lead Manager and will be published in the Supplementary and in a media release by the Issuer on or about 16 November 2021.
First Trading Day	Expected to be on or about 18 November 2021.
Listing and trading of Offered Shares	Application has been made and approval has been given by the reviewing body of SIX Exchange Regulation AG, subject to certain conditions, for the Offered Shares to be listed in accordance with the Standard for Real Estate Companies on SIX Swiss Exchange and it is expected that trading in them will commence, on or about the First Trading Day.
Lock-up undertaking	The Majority Shareholders, the Company and the members of the Board of Directors and the Executive Board entered into a lock-up undertaking with the Sole Lead Manager ending 12 months after the First Trading Day, see "*THE OFFERING – Lock-up undertakings*".

Settlement Date	The Offered Shares are expected to be delivered on or about 18 November 2021 through the facilities of SIS.
Use of proceeds	The net proceeds we will receive from the Offering will be up to approximately CHFm 155.9 (the "**Net Proceeds**"), assuming the Offered Shares are subscribed for in full (i.e. the maximum number of 1,686,600 Offered Shares are issued at the Offer Price of CHF 95.00 (mid-point of the Offer Price Range) per Offered Share) and after deduction of the Swiss issue stamp tax (*Emissionsabgabe*) of 1%, estimated commissions and other expenses associated with the Offering. The Company intends to use the Net Proceeds to partially finance development projects, see "*BUSINESS ACTIVITIES – HIAG's Investment Properties Portfolio – Development Portfolio*". The Net Proceeds may also be used by the Company to reduce financial liabilities, to realise favourable purchase opportunities for Properties, for working capital or for other general corporate purposes.
Form of the Offered Shares	The Offered Shares will be in book-entry form. No share certificates will be available for individual physical delivery, see "*CAPITAL AND VOTING RIGHTS – Description of the Shares – The Shares*".
Dividend right	The Offered Shares will be eligible for dividends and other distributions of the Company, if any, for the financial year 2021 ending as of 31 December 2021.
Risks	**Investing in the Offered Shares or the Rights involves considerable risk. Investors may suffer a complete or partial loss of their investment. For a discussion of certain factors that should be considered in deciding whether to invest in the Offered Shares or the Rights, see "*RISK FACTORS*".**
Selling and transfer restrictions	The Offered Shares are subject to certain ownership limitations and transfer restrictions, in particular regarding USA, US persons, EEA and UK, see "*SELLING AND TRANSFER RESTRICTIONS*". These restrictions will from and after the Offering apply to all Shares listed on the SIX Swiss Exchange.
Ticker symbol/ **ISIN/** **Swiss security number/** **Trading currency**	The ticker symbol, ISIN and Swiss security number for the Shares are as follows: Ticker symbol: HIAG ISIN: CH0239518779 Swiss security no.: 23951877 Trading currency: CHF ISIN and Swiss security number for the Rights are as follows: ISIN: CH1134530455 Swiss security no.: 113453045
Applicable Law/Jurisdiction	Swiss law/Basel, Switzerland
Prospectus	The Prospectus of 1 November 2021 has been approved by the reviewing body of SIX Exchange Regulation AG on 1 November 2021.
Sole Lead Manager	Zürcher Kantonalbank

Expected timetable of principal events

Publication of this Prospectus	2 November 2021
Cut-off Date (after the close of trading)	3 November 2021
Start of Rights Exercise Period	4 November 2021
Start of Share Placement Period	4 November 2021
End of Rights Exercise Period	12 November 2021, 12:00 noon (CET)
End of Share Placement Period	15 November 2021, 12:00 noon (CET)
Publication of Offer Price and definitive number of Offered Shares	16 November 2021
Filing for registration of Offered Shares in the Commercial Register	17 November 2021
First Trading Day	18 November 2021
Settlement Date	18 November 2021

Selected financial information

The selected consolidated financial information presented below sets out selected consolidated financial and other data of the Group as of and for the years ended 31 December 2018, 2019 and 2020 and for the six-month periods ended 30 June 2020 and 2021. The selected consolidated income statements, balance sheets and cash flow statements data for the years ended 31 December 2018, 2019 and 2020 have been derived from the **audited** consolidated annual financial statements included elsewhere in this Prospectus and for the six-month periods ended 30 June 2019 and 2020 have been derived from the **unaudited** consolidated interim financial statements included elsewhere in this Prospectus. The summary historical financial information for the Group presented below should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated annual financial statements and the consolidated interim financial statements included elsewhere in this Prospectus.

The consolidated annual financial statements and the consolidated interim financial statements of the Group have been prepared in accordance with Swiss GAAP FER.

Selected financial information from the consolidated income statements of the Group

	For the financial year ended 31 December			For the six-months period ended 30 June (unaudited)	
Consolidated income statements in CHFm	**2018**	**2019(1)**	**2020**	**2020(1)**	**2021**
Total operating income	142.7	53.7	114.7	58.5	71.4
Total operating expenses	–38.3	–92.1	–44.5	–28.5	–18.4
EBITDA	**104.3**	**–38.4**	**70.3**	**30.0**	**52.9**
EBIT	**70.3**	**–78.9**	**69.9**	**29.8**	**52.7**
Net income for the period	**58.9(2)**	**–71.4(3)**	**55.2**	**22.1**	**41.9**
Undiluted earnings per share in CHF	7.6	–8.9	6.8	2.8	5.0
Diluted earnings per share in CHF	7.6	–8.9	6.8	2.8	5.0

(1) *Restated due to changes in accounting policies (restatement presentation without impact on net profit).*

(2) *Including minority interests of CHFm –2.0.*

(3) *Including minority interests of CHFm –0.6.*

Selected financial information from the consolidated balance sheets of the Group

Consolidated balance sheets in CHFm	Statements as of 31 December 2018	Statements as of 31 December 2019	Statements as of 31 December 2020	Statements as of 30 June (unaudited) 2020	Statements as of 30 June (unaudited) 2021
Current assets	75.5	53.3	66.9	76.9	74.8
Non-current assets	1,523.4	1,575.3	1,624.5	1,609.5	1,765.5
Total Assets	**1,598.9**	**1,628.6**	**1,691.4**	**1,686.4**	**1,840.3**
Current liabilities	45.6	63.8	179.6	68.2	235.3
Non-current liabilities	770.3	892.8	750.7	923.8	819.9
Total Liabilities	**815.9**	**956.6**	**930.3**	**991.9**	**1,055.3**
Shareholders' equity	**783.1**[(1)]	**672.1**	**761.1**	**694.4**	**785.0**
Shareholders' equity and liabilities	**1,598.9**	**1,628.6**	**1,691.4**	**1,686.4**	**1,840.3**

(1) *Including minority interests of CHFm –1,8.*

Selected financial information from the consolidated cash flow statements of the Group

Consolidated cash flow statements in CHFm	For the financial year ended 31 December 2018	For the financial year ended 31 December 2019[(1)]	For the financial year ended 31 December 2020	For the six-months period ended 30 June (unaudited) 2020[(2)]	For the six-months period ended 30 June (unaudited) 2021
Cash flow from operating activities	19.8	5.1	16.4	9.0	14.2
Cash flow from investment activities	–145.4	–111.6	–39.3	–36.0	–80.2
Cash flow from financing activities	121.1	96.0	18.7	24.5	72.7
Cash and cash equivalents at the beginning of the reporting period	38.9	34.5	23.9	23.9	19.7
Cash and cash equivalents at the end of the reporting period	34.5	23.9	19.7	21.5	26.4

(1) *Restated: The changes from promotion projects in 2019 were reclassified from "cash flow from investing activities" to "cash flow from operating activities". The "cash flow from operating activities" in 2019 was CHFm 3.1 and the "cash flow from investing activities" was CHFm –109.6. This adjustment has no impact on the change in cash and cash equivalents.*

(2) *Restated: The changes from promotion projects in the first half of 2020 were reclassified from "cash flow from investing activities" to "cash flow from operating activities". The "cash flow from operating activities" in the first half of 2020 was CHFm 2.4 and the "cash flow from investing activities" was CHFm –29.4. This adjustment has no impact on the change in cash and cash equivalents.*

Selected EPRA figures of the Group according to EPRA best practices guidance

Consolidated EPRA performance figures in CHFm (unless indicated otherwise)	For the financial year ended 31 December			For the six-months period ended 30 June (unaudited)	
	2018	**2019**	**2020**	**2020**	**2021**
EPRA NRV per share	n/a[(1)]	94.8	105.9	n/a[(1)]	106.2
EPRA NTA per share	n/a[(1)]	92.8	103.5	n/a[(1)]	103.8
EPRA NDV per share	n/a[(1)]	84.2	94.9	n/a[(1)]	94.6
Weighted average number of outstanding shares (in thousands)	8,024	7,996	8,091	8,001	8,327
EPRA NIY	n/a[(1)]	3.5%	3.5%	n/a[(1)]	3.7%
EPRA "topped-up"-NIY	n/a[(1)]	3.5%	3.5%	n/a[(1)]	3.7%
EPRA vacancy rate	14.4%	16.2%	13.2%	13.2%	10.8%
EPRA cost ratio	34.9%	86.5%	31.8%	25.3%	35.0%
Adjusted EPRA cost ratio (Yielding Portfolio only) (excluding direct vacancy costs)	35.3%	85.3%	29.9%	24.1%	20.4%
EPRA earnings per share	7.6	–8.8	3.3	0.9	1.5
Company specific adjusted earnings per share	7.6	–0.1	3.9	1.2	1.7

(1) *NRV, NTA, NDV and NIY were published for the first time in accordance with the new EPRA structure as of 31 December 2020.*

The reporting of the EPRA key figures must now be calculated based on the equity and result according to IFRS.

1. RISK FACTORS

The Offering and any investment in the Company are subject to a number of risks. Accordingly, prospective investors should carefully consider the risks and uncertainties described below, together with all other information contained in this Prospectus, prior to making an investment decision.

The risks and uncertainties described below represent those HIAG considers to be material as of the date of this Prospectus. However, these risks and uncertainties are not the only ones HIAG is facing or will face after completion of the Offering. Additional risks and uncertainties not presently known to HIAG, or that HIAG currently considers not to be significant, could also materially and adversely affect HIAG's business, results of operations, financial condition and/or prospects. If any or a combination of these risks actually occurs, HIAG's business, results of operations, financial condition and/or prospects could be materially and adversely affected. In such case or cases, the price of the Shares could decline and prospective investors may lose all or part of their investment. The selected sequence of the risk factors mentioned below represents neither a statement about the probability of the risk's realisation nor an assessment of the extent of the economic effects or the importance of the risks.

Investment decisions should not be made solely on the basis of the risk warnings set out in this Prospectus since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each prospective investor individually.

Only prospective investors who are fully aware of the risks associated with the investment in the Shares and who are financially able to bear any losses that may arise, should consider investing in this Offering.

Risks related to the real estate industry

COVID-19 (and any other potential future pandemic) may have a negative impact on the Group's business, financial condition, results of operations as well as potentially the liquidity, and such impact could worsen and last for an unknown period of time.

COVID-19 may have a negative impact on our business, the development and management of our Properties, the collection of outstanding rents, financial conditions, results of operations as well as potentially our liquidity, and such impact could worsen and last for an unknown period of time.

Government measures enacted in response to COVID-19 may have an impact on our ability to develop and manage our Properties and collect outstanding rents due from affected (future) tenants of our Yielding Properties or, once development is completed, our Development Properties, which may negatively impact our results of operations and potentially our liquidity.

The global spread of COVID-19 is complex and rapidly-evolving, with governments, public institutions, and other organisations imposing or recommending, and businesses and individuals implementing, restrictions on various activities or other actions to combat its spread, such as restrictions and bans on travel or transportation, limitations on the size of gatherings, closures of or occupancy or other operating limitations such as a result of "certification requirements" (proofing completed vaccination, negative testing or healed status) on work facilities, leisure centres, schools, public buildings and businesses, cancellation of events, including sporting events, conferences and meetings, and quarantines and "lock-downs". COVID-19 and its consequences have dramatically reduced, amongst others, travel and demand for, inter alia, temporary office spaces (see also "*We are exposed to the credit risks of our (future) tenants whose operations have been significantly impacted by COVID-19*."). We believe that it will be some time before the Swiss economy, in which we own and develop Properties, as well as the global economy as a whole will recover, and such recovery could vary across specific regions and markets.

The extent to which COVID-19 impacts our business, the development plans of our Properties, financial condition, results of operations as well as potentially our liquidity, including the duration and magnitude of such effects, will depend on numerous evolving factors that we may not be able to accurately predict or assess, including: (i) the duration and scope of COVID-19 as well as whether, where, and to what extent resurgences of the virus occur; (ii) the negative impact COVID-19 has on global and regional economies, in particular the Swiss economy, and economic activity, including the duration and magnitude of its impact on unemployment rates and consumer discretionary spending; (iii) its short and longer-term impact on the demand for travel, transient and group business, and levels of consumer confidence; (iv) actions governments, businesses and individuals take in response to the pandemic, including quarantines, lock-downs and certificate requirements, and limiting or banning travel, leisure activities and/or in person gatherings; and (v) how quickly economies, in particular the Swiss economy, recover after the pandemic, subsides or effective treatments or (alternative) vaccines become available and how they impact such recovery. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a global pandemic. As a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic remains highly uncertain. We do not yet know the full extent of the impact. However, the effects have impacted and could have a material adverse effect on our business, the development plans of our Properties, for example if supply chains for construction materials are interrupted or jeopardized by delivery problems or delays, financial condition, results of operations, and potentially our liquidity. To the extent that the COVID-19 pandemic adversely affects our business, financial condition, and results of operations, it may also have the effect of heightening many of the other risks described in this section.

We are exposed to the credit risks of our (future) tenants whose operations have been significantly impacted by COVID-19.

The overall impact of the COVID-19 pandemic and the emergency actions taken by authorities and governments, in particular by the Swiss government and authorities since our Properties are located in Switzerland, may lead to an economic recession and may, in turn, impact the ability of our tenants to pay their agreed rents as well as lead to potential tenant insolvencies.

COVID-19 and its impact on the economy in which we operate, including restrictions on leisure and travel as well as temporary and/or regional "lock-downs" and "certification requirements", has generally reduced demand at temporary and permanent office spaces and commercial leases. As a result, it cannot be excluded that (future) tenants may or already have announced that they are impacted by COVID-19, request rent deferrals and reductions. Even if, as of the date of this Prospectus, rents are paid to us according to the respective lease agreement, this gives no assurance that significant defaults will not occur in the future, in particular as a result of discontinued governmental relief measures or repayment obligations of governmental relief measures received, such as under the Swiss COVID-19 loan program.

If the current economic environment continues, either in connection with the COVID-19 pandemic or as a result, there is an increased risk that certain of our (future) tenants will become insolvent or otherwise unable to meet their obligations under their lease agreements.

If our (future) tenants temporarily or permanently fail to meet their obligations under their lease agreements or our ability to effectively collect rent from tenants is adversely affected for any reason, including as a result of governmental relief measures (see "*– COVID-19 (and any other potential future pandemic) may have a negative impact on the Group's business, financial condition, results of operations as well as potentially our liquidity, and such impact could worsen and last for an unknown period of time*."), the Potential Property Income generated from our Properties could be significantly lower than originally estimated, while our operating costs would remain largely fixed or could even increase as a result of other factors. Furthermore, in addition to a significant loss of Property Income for us and the impact on our liquidity, such insolvencies or the accompanying vacancies could materially adversely affect our earnings and the valuation of our Investment Properties Portfolio.

In addition, rental renewals and new rentals may become more challenging in some segments (e.g., office, retail, and hospitality) depending on the severity and duration of the economic effects of the COVID-19 pandemic. As the recessive consequences of the COVID-19 pandemic could also affect general risk assessment within the economy as well as interest rate development, there might also be negative impacts on real estate valuations caused by factors such as the higher interest rate base as well as changes to assumptions concerning market rents, vacancy periods and lease terms.

The Group may be adversely affected by economic and other developments in the Swiss real estate market.

Real estate markets tend to fluctuate, with real estate prices and rents reflecting actual or expected economic and other developments affecting the economy in general and/or the particular markets in which Investment Properties are located. Factors such as changes in industrial activity and taxation policies, levels of economic growth, unemployment, consumer confidence and other factors, including the willingness and ability of investors to invest or stay invested in the real estate sector, all directly or indirectly affect the local levels of supply and demand for Properties.

Changes in supply and demand may cause fluctuations in the market prices of Investment Properties, in rent levels and in occupancy rate levels. In particular, an oversupply of real estate in national or regional markets in Switzerland can result in declining Property Income and market prices for Investment Properties. Such fluctuations can have a significant influence on the revenue or profit generated from such Properties and on the value of the underlying Property in general.

The Group's Investment Properties Portfolio comprises commercial and residential Properties located in the German and French speaking areas of Switzerland. General economic or other developments may affect commercial and residential Properties in different ways, to a different extent and not necessarily at the same time. Many of the factors that could result in an adverse development are beyond the Group's control.

Declining revenues or profit, declining revenue or profit potential or a decline in the Fair Value of Properties resulting from a fall in demand, an anticipated fall in demand or any of the other factors mentioned above in the markets in which the Group operates could have material adverse effects on the valuation of the Group's Investment Properties Portfolio and on the Group's business, assets and liabilities, financial condition and results of operations.

The Group may be adversely affected by changes in interest rates or inflation.

The value of the Group's Properties may be materially adversely affected by actual or expected changes in interest rates, in particular mortgage interest rates, and/or inflation. Interest rate and inflation levels in Switzerland are currently at historically low levels. It is possible that interest rates for real estate financing in Switzerland and elsewhere will increase significantly in the future. Any such development could negatively affect the capacity of investors to finance investments in real estate. This could in turn depress demand for and market prices of Properties generally. This could have material adverse effects on the valuation of the Group's Investment Properties Portfolio. Moreover, inflation may erode the real value of Property Income, in particular from long-term lease agreements that are not fully or effectively indexed to inflation, and, to the extent the costs of the Group are exposed to inflationary pressure, the profit generated from such Properties, which all may have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

The Group utilises debt financing secured by its Properties. The Group engages in fixed rate mortgage loans as well as variable interest rate loans depending on its assessment of the then prevailing or expected interest rate environment and the strategy of the Property. To the extent variable interest rates were not hedged in the future or fixed interest rate mortgages cannot be renewed at similar terms upon maturity, the Group's interest expenses could increase if interest rate levels were to rise. For this or other reasons, the Group's financing costs could be higher than anticipated.

For a more specific discussion of the Group's interest rate risks, see "*MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Major factors affecting the Group's results of operations and financial condition – Value potential of Development – Interest rate changes and cost of financing*".

The Group's Properties may be adversely affected by regional economic and other factors.

The Group's Properties are concentrated in the greater areas of Aargau, Basel, Geneva, Solothurn, Zug and Zurich. As part of its strategy, the Group intends to continue to focus its Investment Properties Portfolio on commercial and residential Properties in Switzerland. Accordingly, the Group is not only dependent on economic market trends in Switzerland in general, but, in particular, also on local economic and other developments in those regional markets, which may include cross-border capital and human flows. The general conditions in and development of the Swiss national and regional markets are important to the Group's success. The main factors affecting performance and valuation of the Group's Properties also flow from the economic environment of these national and regional real estate markets. Performance and valuation of Properties are dependent on various factors, including demand, tenant creditworthiness, purchasing power of the population, attractiveness of the particular location, the labour market situation, infrastructure, as well as the supply and demand for Properties in the respective locations and markets, which may differ from general macroeconomic trends.

Because the national and regional markets do not develop uniformly, the Group's dependence on only a limited number of regional markets can put the Group at a disadvantage as compared with competitors that have a more internationally diversified portfolio of Properties. A downturn or decline in the attractiveness of one or several of the markets in which the Group's Properties are located can have a material adverse effect on the business, assets and liabilities, financial condition and results of operations of the Group.

The Group is exposed to significant competition in the markets in which it operates, in particular with respect to the development, sale and the letting of Properties, which may intensify in the future.

The Group's business model depends on its continuing ability to develop Properties (including the Investment Properties Portfolio) and to let them to tenants or to sell them to buyers under conditions that are beneficial for the Group. With respect to the development, sale as well as the letting of Properties, the Group is exposed to competition from other listed and non-listed real estate companies, domestic and international institutional investors, such as pension funds, private equity companies and insurance companies, and from wealthy private investors and individual owners of Properties in the Swiss real estate market. The strategy of industrial and financial groups as well as public entities to divest their real estate holdings and to focus on their core business operations has increased the availability of Swiss real estate thus attracting new investors to the market. Entry barriers for competitors are generally low in real estate markets, which means the Group may be exposed to intense competition. There are not only regional investors with in-depth knowledge of the local markets in Switzerland, but also national and international institutional investors, such as listed and unlisted real estate and construction companies, open- and closed-end real estate funds, insurance companies, pension funds, private equity companies and other investors competing in the market.

The Group competes with other real estate companies, developers and individual owners of commercial and residential Properties to attract and retain suitable tenants at favourable conditions for the Group. In a competitive environment with respect to the supply of lettable space, the Group may be forced to accept rents or sale prices that are lower than originally planned in order to attract potential tenants, to retain its current tenants or to attract buyers. If, in the future, the Group is no longer able to develop and sell Properties or to let space on terms and conditions that are economically beneficial for the Group, this inability could have a material adverse effect on the Group's strategy, business, assets and liabilities, financial condition and results of operations.

Changes in general economic and business conditions, could have a material adverse effect on the Group's business; in particular, the unavailability of debt financing or refinancing on reasonable terms could impair the Group's ability to implement its business plan.

The Group utilises debt financing in particular for the acquisition and development of its Properties. The Investment Guidelines (as defined below) of the Group generally allow that the loan to value ratio shall, in general, be below 50% but may, for a limited period of time, account for up to 60% for seizing opportunistic investment opportunities (see "*INVESTMENT REGULATIONS – Investment Guidelines*"). The Group intends to finance future purchases and developments of Properties to a certain extent with bank loans and other debt instruments. As a result, the Group depends on the ability and willingness of financial institutions or the situation and development of the capital markets to extend loans and/or bonds to the Group on reasonable terms, including terms regarding collateral requirements. A deterioration of the financial markets could result in the Group temporarily lacking the financial resources to make planned real estate investments or adversely impact the credit of its tenants.

This could adversely impact the Group's ability to borrow from banks or in the capital markets, in particular bonds, and/or may significantly increase the costs of such borrowings. The attractiveness of different financing options depends on a variety of variable factors, many of which are outside the Group's control. Such factors include interest rates, the amount of financing required, general tax conditions, the assessment by financial institutions of the value and the recoverability of the Properties to be used as collateral for loans, or their evaluation of the general economic environment. In particular, a significant increase in interest rates could result in a shortage of credit available to finance Property purchases and development projects. If the Group were to become unable to secure new debt financing, or to secure such debt financing on favourable terms, it may not be able to make new investments. In addition, if the Group were unable to maintain or replace existing financing on equally favourable terms, it may be forced to sell Properties on unfavourable terms in order to meet its payment obligations, even though the Group's strategy were to keep such Properties or even though the reported Fair Value of such Properties were above the market price at which a sale could be concluded at the time. This could have material adverse effects on the Group's business, assets and liabilities, financial condition and results of operations.

The Group is exposed to currency risks.

Although the Group operates only in Switzerland, changes in currency exchange rates may indirectly significantly impact Property Income and the value of the Group's Investment Properties Portfolio. In particular, changes in currency exchange rates and/or construction costs (e.g. as a result of changed costs of construction material) may lead to divestment decisions of either Swiss or foreign investors with respect to their Swiss property holdings in order to realise currency driven gains or reduce currency driven losses. In view of the limited liquidity of the Swiss Property market in general, such divestments may trigger substantial value changes in Swiss real estate investment markets which would consequently impact the value of the Investment Properties Portfolio of the Group.

Furthermore, the Company will pay principal and interest on the Bonds (as defined below) in Swiss Francs. This presents certain risks relating to currency conversions if the financial activities of an investor in the Bonds (as defined below) are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Swiss Francs. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Swiss franc or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify ex-change controls. As a result, principal and interest payments by the Company on the Bonds (as defined below) could in fact be more expensive than expected and, therefore, could have material adverse effects on the Group's financial condition and results of operations.

Risks relating to the business operations of HIAG

The valuations of the Group's Properties are subjective and may prove to be inaccurate.

Properties are inherently difficult to value. Valuations are subjective and made on the basis of assumptions about the future which may not necessarily materialise. In addition, in Switzerland, the amount of available data on current real estate sales prices and the development of real estate prices is rather limited in comparison to other European countries which can make the valuation of Properties more difficult. Additionally, the inspections of the Group's Properties and other work undertaken in connection with a valuation exercise may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. In particular, decontamination costs are not quantified in the valuation of specific Properties. A valuation carries the risk that in case of a sale the determined value of a Property cannot be realised. When valuing real estate in connection with a sale, such valuation always assumes an appropriate time span to market the Property in question. In case of a forced sale of the Property within a very short time, it is possible that the estimated value may not be achieved, resulting in corresponding negative consequences for the Group. There can be no assurance that the Group's investment in its Properties will be realised at the Property values recorded in its financial statements.

The Group applies Fair Value accounting for its Properties. The Group's external appraiser, Wüest Partner, values the Properties of the Group using the discounted cash flow method on 31 December (annual valuation) and on 30 June (review of annual valuation). It cannot be excluded that a valuation by another valuation expert or a subsequent valuation of these Properties at a different point in time would lead to a higher or lower valuation due to different or changing assumptions and/or changes in the prevailing market conditions. The Group assesses the valuation of its Properties to ensure that the carrying amount of each Property reflects the market conditions at the relevant financial reporting date. The value of the Properties in the Group's Investment Properties Portfolio may fluctuate from time to time due to changes in market and other conditions, resulting in an adjustment to the carrying amount in the Group's financial statements. A lower valuation could lead to revaluation losses, which could have an adverse effect on the Group's net asset value and profitability. It may also affect the Group's ability to obtain more borrowings, or result in the Group having to reduce debt, if the financial covenants in the Group's financing and other agreements require the Group to maintain a level of debt relative to asset value, and such covenants are triggered as a result of adjustments made to the Fair Value of the Group's Properties. Any of the foregoing could have a material adverse effect on the business, assets and liabilities, financial condition and results of operations of the Group.

The Group may incur risks in connection with new development, construction and renovation projects.

Pursuant to its Investment Guidelines, the Group can realise on its own Property development projects, including renovations of existing buildings. Such development projects entail significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, adverse meteorological conditions and unforeseen increases in cost, any of which could give rise to delays or cost overruns. Difficulties in obtaining any requisite licenses, permits, allocations or authorisations from authorities could also increase the cost, or delay or prevent the construction, renovation, or opening of, such Development Properties. The realisation of development projects is connected to all risks inherent to construction planning and building processes. For example, due to an incorrect estimate regarding the duration and scope of a project, the costs of a project may be higher than originally determined. Using the wrong construction method or technology can lead to considerable delays, increased material costs and accidents on the construction Site which in turn may have an adverse effect on the reputation of the Group. All of these factors may have a material adverse impact on the business, assets and liabilities, financial condition and results of operations of the Group.

Until completion of the projects, the Properties may require considerable funds and it may be some time before these Property projects realise any profit. Even if the Company assumes that the ongoing projects will be completed within the set timeframe, delays cannot be excluded. Any such delays could have an adverse effect on the reputation and business, assets and liabilities, financial condition and results of operations of the Group.

No guarantee can be given that the occupancy rate will be sufficient to realise the budgeted Property Income, and there is a possibility that after completion there will be a large number of vacancies. In particular, a change in the attractiveness of a location during the time lapsing from the initiation of a project to its completion can result in the planned profit not being generated. Such events can have a material adverse effect on the business, financial condition and operating results of the Group.

After completion of the development projects, there is no assurance of maintenance and operating costs of the developed, rebuilt or renovated Properties corresponding to the budgeted costs, thereby resulting in corresponding adverse impact on the business, assets and liabilities, financial condition and results of operations of the Group.

The Group is dependent upon contractors and third-party service providers for the provision of various construction services.

The Group engages contractors to provide construction services in respect of its Property development business. There is no assurance that the services rendered by the contractors or third-party service providers engaged by the Group will be satisfactory or match the level of quality required by the Group. Moreover, the Group's contractors or service providers may experience financial difficulties, which in the worst case may lead to the insolvency of the said contractors or service providers. Further, other difficulties may arise such as procuring labour that may affect their ability to carry out the work for which they were contracted. Such financial and other difficulties are likely to delay the completion of the Group's Property development projects. Any interruption or termination in the services or deterioration in the performance of the Group's contractors or third-party service providers may cause serious disruptions to the business, service levels and reputation of the Group, and may also result in litigation and damages claims made by the Group and against the Group. In addition, the Group as owner of the Properties is subject to the risk that the contractors or service providers have, under certain legal requirements, the right to establish a statutory charge on a Property for their claims based on supplied labour, materials, construction or other works, demolition or scaffolding work, securing the construction pit or similar provided in connection with the said Property (*Bauhandwerkerpfandrecht*). All these factors may have a material adverse effect on the business, assets and liabilities, financial condition and operating results of the Group.

If the Group's arrangements with any of its contractors or third-party service providers are terminated, the Group may have to source for alternative contractors and/or service providers and there is no assurance that these engagements will be on terms no less favourable to the Group as compared to the Group's existing arrangements.

The Group may err in its assessment of a Property's appeal to suitable tenants or buyers of promotion projects and may not realise planned rental/sales revenues as a result.

The Group estimates the Potential Property Income respectively sales revenues from the Yielding and Development Properties that it acquires to a large extent based on their location and actual or intended use. If the Group misjudges the current or future attractiveness of a Property or its location, or the demand for it, it may be difficult to find suitable tenants (including anchor tenants) that are willing to rent at the rent levels, respectively buyers that are willing to buy at the sale prices, as anticipated by the Group. This risk is particularly marked with regard to development projects to the extent the Group does not succeed in pre-letting or pre-selling the projects prior to completion or is forced to reduce the price of promotion projects to be sold. If the Group is required to reduce the rent respectively sales price of a Property to attract suitable tenants or buyers, or if the Property remains wholly or partially vacant for an extended period of time, the Fair Value of the Property could significantly decline and the Group's revenues and results of operations could be adversely affected. If Property Income or sales revenues failed to materialise as planned, due to, for example, changes in the tenant structure, lack of demand or oversupply in the market for Properties in a particular location or of a particular use, this could have material adverse effects on the Group's business, assets and liabilities, financial condition and results of operations.

The Group is exposed to risks arising from the illiquidity of its Investment Properties Portfolio.

The Swiss real estate market for larger Properties is characterised by limited liquidity both in the acquisition and the sale of Properties. Such illiquidity may affect the Group's ability to vary the size and mix of its Investment Properties Portfolio or its ability to liquidate part of its Properties in response to changes in economic, real estate market or other conditions. If the Group were required to liquidate parts of its Investment Properties Portfolio on short notice for any reason, including raising cash to support its operations, there is no guarantee that it would be able to sell any portion of its Investment Properties Portfolio on favourable terms or at all. In the case of an accelerated sale, it is likely that there would be a significant shortfall between the Fair Value of a Property and the price that the Group would be able to achieve upon the sale of such Property. Any of the foregoing could have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

The Group is exposed to rental risks and may not be able to find and retain suitable and solvent tenants on beneficial terms or at all; the Group is also exposed to credit risks with respect to its (future) tenants.

The Group's business depends to a large extent on its ability to generate sufficient Property Income, which can be influenced by several factors, including the ability to renew existing lease agreements at similar terms, the solvency of current tenants and the attractiveness of the Properties to tenants that are willing to enter into lease agreements on terms favourable to the Group.

The Group's Property Income would be adversely affected if one or more of its (future) tenants terminated or did not renew their existing lease agreements. There is no certainty that expiring agreements can be renewed at the same conditions or at all. Furthermore, the Group, on the basis of statutory or contractual provisions, may be forced to compensate the tenant for rebuilding costs upon termination of the lease agreement. The Company may experience difficulties in letting larger Properties that become vacant. In particular, possible interior features required by potential (future) tenants may make a lease agreement even more difficult to reach or subject to investments at the expense of the Group. If (future) tenants cannot be replaced, the Group cannot rule out that parts of its Properties remain temporarily or permanently vacant. In case of vacancy, the Group, in addition to the rent loss, must also bear those costs that it, if the Property were rented, would normally charge to the tenant in the form of ancillary costs. This could have a material adverse effect on the business, assets and liabilities, financial condition and results of operations of the Group.

The Group is also exposed to credit risks with respect to its (future) tenants. The creditworthiness of a tenant may decline for various reasons, including a decline in the (future) tenant's business, entailing a risk that the tenant will become insolvent or otherwise unable to meet its obligations under the lease agreement. If the Group's (future) tenants temporarily or permanently failed to meet their obligations under their existing lease agreements with the Group, the Property Income generated from letting the Property could be significantly lower than originally estimated, while the Group's operating costs would remain largely fixed or could even increase as a result of other factors. This could have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations. For a more specific discussion of the Group's default risks, see "*MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – Major factors affecting the Group's results of operations and financial condition*".

The Group may incur unexpected or higher-than-expected maintenance costs for Properties or unexpected operating expenses.

Rental premises must be maintained in an appropriate condition in order to keep facilities serviceable, to meet the conditions set out in the relevant lease agreements or under applicable planning laws and regulations as well as to generate a continuous long-term revenue stream. The costs of maintaining Properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The Group may be unable to recover maintenance expenses from its tenants to a great extent, as such expenses are typically borne primarily by the Property owner, not the tenant. If the actual costs of maintenance exceed the Group's estimates or if the Group is not able to raise its rents due to legal or market constraints, the Group's profit generated from the related Property could be adversely affected. Furthermore, any failure by the Group to undertake necessary maintenance work could entitle tenants to withhold or reduce rental payments or even to terminate an existing lease agreement and could adversely affect the Property Income and value of affected Properties. In addition, physical damage to the Properties resulting from fire or other causes related to design, construction or other latent defects in the Properties may lead to additional capital expenditure, special repair or maintenance expenditure requirements, business interruption, or payment of damages or other obligations to third parties. All of these factors could have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

Most operating expenses of a Property are customarily borne by the tenants. However, a (future) tenant is only obligated to bear the operating expenses that have been allocated to the (future) tenant under the applicable lease agreement as ancillary costs. If certain operating expenses either have inadvertently not been allocated to the (future) tenant in the Group's lease agreements or arise only after the execution of a lease agreement, such as new public dues that are imposed on Property owners, the (future) tenant will not be obligated to bear or reimburse such expenses. In addition, the Group may incur unexpected expenses if a court were to hold invalid certain provisions in the Group's lease agreements, such as provisions regarding letting end obligations, the allocation of renovation costs at letting end, the allocation of ancillary costs or the allocation of ancillary costs for common areas. Furthermore, the operating expenses corresponding to lettable space which are not rented cannot usually be allocated to other (future) tenants in the same Property or Site and consequently are to be borne by the Group. As a consequence, the Group may incur expenses that are higher than expected, which could have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

The Group may incur unexpected or higher-than-expected costs or unplanned vacancies due to necessary refurbishment of Properties.

Due to the ageing of buildings, technological change, changed market expectations, changes in the legal requirements governing the use of the Properties (including labour law) or specific tenant requirements that differ from the requirements of a previous tenant, certain Properties of the Group could require refurbishment in the future. After the expiration of the pertinent lease agreements, such premises may require refurbishment in order to meet then current standards and market expectations. Any refurbishments may require the Group to incur significant expenses and may result in extended vacancies in Properties under refurbishment. If the actual costs of, or the time period needed for, refurbishments exceed the Group's estimates, the Group's revenues and profit generated from an affected Property could be adversely affected, which could have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

Furthermore, the Group may not be able to fully or partially translate refurbishments into higher Property Income. If (future) tenants were not willing to pay additional rent following the refurbishment, the expected upside potential in Property Income would not materialise, which would have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

The Group is exposed to risks related to acquisitions of large commercial and residential Sites and Properties.

The Group has acquired, either by share deals or asset deals, a number of large commercial and residential Sites and Properties (including industrial, post-industrial and mixed-use Sites and Properties) with potential for development, and may, in line with its strategy, acquire more of such commercial and residential Sites and Properties.

There can be no guarantee that the due diligence carried out by the Group in connection with the large commercial and residential Sites and Properties that it has acquired or that it considers acquiring have revealed or will reveal all of the risks associated with such investments or the full extent of those risks. Although the Group has sought or seeks to obtain warranties from the sellers with respect to certain legal and factual issues, these warranties, if at all granted, may not cover all of the risks that may arise following these purchases or may not fully compensate the Group for a diminution in the value of the Commercial Site or Property or other loss. In addition, it may be difficult or impossible to enforce warranties against a seller for various reasons, including the insolvency of the seller or the expiration of such warranties.

Each acquisition project entails uncertainties and risks, including the risk that the acquisition may not be completed after the Group has invested significant amounts of time and money. Only a relatively small percentage of the Commercial Sites or Properties that the Group considers for investment are ultimately purchased by the Group. Consequently, projects that the Group is currently considering as suitable Commercial Sites or Properties for acquisition and development in accordance with its Investment Guidelines may not be executed at all or may not be executed in the scope or for the consideration currently contemplated by the Group.

In the course of an acquisition, a variety of factors must be considered in valuing potential investment opportunities, and there can be no guarantee that any valuation method is reliable. In addition, some of the criteria used in the valuations are subjective in nature and may be assessed differently by different persons. The Group may have relied on a valuation method or valuation criteria that result in an erroneous assessment of the value of the Commercial Site or Property. In addition, the expert opinions on which any investment decision made by the Group were based may be flawed. Flawed assessments of valuation factors could have led to an inaccurate analysis by the Group in respect of an investment decision. All of the factors described above could have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

The Group could fail to carry out real estate transactions on reasonable terms or at all.

The success of the Group's business depends and continue to depend upon its continued ability to make ongoing investments in the Yielding and Development Properties and to acquire additional large commercial and residential Sites and Properties (including industrial, post-industrial and mixed-use Sites and Properties) with a potential for Development on reasonable terms and to realise the value potential of such commercial and residential Sites and Properties. This will depend on various factors such as the availability of suitable commercial and residential Sites and Properties, favourable purchase terms, reasonable financing options, demand for rental space, the competitive situation and market timing, but also certain public legal matters such as the issuance of required building permits.

A lack of investment and development opportunities on reasonable terms could have a material adverse effect on the business, assets and liabilities, financial condition and results of operations of the Group.

A breach of covenants under financing arrangements of the Group could entail a forced sale of Properties or a suspension of dividend payments, and cross-default provisions may exacerbate existing risks.

The Group's current financing arrangements contain certain customary covenants that limit the discretion of the Group in operating its business and financial covenants. As part of the implementation of its strategy, the Group may also enter into additional financing arrangements which may contain similar covenants. In the event that the Group breaches any such covenant, including as a result of events beyond its control, such as severe economic downturns or a change of control of the Company, and fails to remedy such breach within the applicable cure period, if any, it may face a significant increase in financing costs and/or may be required to immediately repay the outstanding debt in whole or in part, together with any attendant costs. In such a situation, the Group may be forced to sell some or all of its Properties unless it has available sufficient cash resources or other sources of finance to make such repayments. In addition, a lender may be able to sell Properties of the Group or procure their sale to the extent that such Properties serve as collateral for borrowings. Any of the foregoing could have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

Such financing arrangements may also contain cross-default provisions. The existence of such cross-default provisions could, following a default under one financial arrangement, trigger defaults under other arrangements. If such cross-default provisions were triggered, the Group could face a significant increase in financing costs and/or may be required to immediately repay all affected borrowings, which could result in substantial liquidity shortages of the Group, significantly reduce its access to financing, and therefore could have a material adverse effect on its business, assets and liabilities, financial condition and results of operations.

The Group is exposed to risks arising from environmental liabilities.

The Group's Properties as well as large commercial and residential Sites and Properties (including industrial, post-industrial and mixed-use Sites and Properties) the Group may contemplate acquiring in the future may contain hazardous materials (e.g. asbestos) or may be contaminated or otherwise affected by environmental risks or liabilities, such as pre-existing pollution and soil contamination. The remediation and disposal of such hazardous substances, other soil and/or groundwater contamination or other environmental liabilities could entail significant costs and expenses. Furthermore, even if the Group may have claims for compensation against the seller of the affected Site or Property or against the party responsible for pollution or contamination, such compensation may be unrecoverable for reasons such as the insolvency of the seller or third party or the expiration of the applicable statute of limitations.

Moreover, tenants may refuse to pay part or all of the agreed rent until any contamination has been remediated or may extraordinarily terminate their lease agreements or assert damage claims, including in connection with an interruption of their business. More generally, environmental factors can have a direct influence on the value of the Property and its profit situation. Environmental factors may have an external or internal source (noise pollution from the outside, pollution through operational activities, non-ionising radiation, flooding etc.). As owner of the land, the Group can be held liable by third parties for pollution originating from the operation of the Properties.

The incurrence of unforeseen costs to remove or dispose of substances or hazardous materials or to remediate environmental contamination or other environmental liabilities associated with the Group's Investment Properties Portfolio could materially adversely affect the Group's business, assets and liabilities, financial condition and results of operations.

The Group is dependent on a limited number of key members of its management and its ability to attract and retain qualified employees.

The Group's success depends to a large extent on the continued involvement of the current members of the Board of Directors and the Executive Board (see "*INFORMATION ON THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND AUDITORS*") and those of the Management Staff. If the Group is unable to retain the key members of its management, this could result in a significant loss of expertise and could have a material adverse effect on business, assets and liabilities, financial condition and results of operations of the Group.

In order to achieve the Group's strategy, the Group will also be required to attract and retain a sufficient number of qualified employees. If the Group is not successful in retaining its current staff and hiring additional qualified personnel, this could negatively affect the Group's business development, and therefore may have material adverse effects on the business, assets and liabilities, financial condition and results of operations of the Group.

The Group is subject to reputational risks.

The reputation of the Group can be damaged by a number of factors, some of which may be outside its control, for example, locational factors, Property defects, the conduct of (future) tenants, press speculation, negative press coverage, threatened or actual litigation. There is no assurance that the Group will manage to respond adequately and in time to such threats to its reputation. Damage to its reputation could have a material adverse effect on the business, financial condition and operating results of the Group.

There is a risk that unforeseen or unexpected risks materialise, despite the participation in a risk management system.

The Group has developed a risk management system which is designed to monitor a number of risks, in particular, risks related to the financing of the Group and the letting of its Properties (vacancies, bankruptcy of a (future) tenant). Due to the complexity of the Group's business, however, no assurance can be made that the Group will not be faced with risks that have been underestimated or not previously detected. Furthermore, despite the risk management system, it may be that the Group does not alter its strategy when necessary, both with a negative effect on its business. This could have a material adverse effect on the Groups business, financial condition and results of operations.

Furthermore, the Group has initiated the process to implement an ERP-system software solution to manage their business functions and recourses within a centralised and integrated system, tailored to the specific needs of its business. Without such ERP-system software, respective management activities are carried out on a paper-based solution approach which involves a higher risk for inaccuracies or human errors and may lead to increased controlling efforts. As a result, this could lead to a less effective and/or incorrect planning in connection with the Group's business functions and recourses, each with a negative effect on its business. This could have a material adverse effect on the Groups business, financial condition and results of operations.

The Group may be exposed to potential warranty claims relating to its letting of Properties or to Properties disposed of in the past.

The Group could be subject to warranty claims due to defects in quality or title relating to the letting and selling of Properties. This applies in particular to the defects in Properties that were unknown to the Group but could have or should have been discovered. Any claims for recourse the Group may have against parties from which the Group has purchased such a Property may fail because of the expiration of statute of limitations, lack of proof that the previous seller knew or should have known of the defect, the insolvency of the previous seller or for other reasons. The Group bears the risk of the burden of proof, the risk that claims are time-barred due to the statute of limitations and that the contractual partners from whom it acquired the Property may be insolvent. Warranty risks and other risks from letting or selling Properties could have a material adverse impact on the business, assets and liabilities, financial condition and results of operations of the Group.

There is a risk of weather conditions.

The construction activity is dependent on weather conditions. Longer periods of cold weather and rain could delay the building activities. Climate change may contribute to changes and variability in precipitation and in the intensity and frequency of extreme weather events. Such adverse weather conditions, if they occur with unusual intensity, during abnormal periods, or last longer than usual in the Group's major markets, can materially and adversely affect the Group's business, financial condition and results of operations.

There is an object-related risk associated to the Properties of the Group.

Depending on the age, construction quality, level of maintenance and usage of each of the buildings on the Group's Properties, these buildings may represent a potential source of liability for personal injury and loss of Property. This could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be insufficiently insured against losses and damage, including cases of force majeure.

Insurance policies taken out by the Group, including such against natural disasters, terrorist attacks, operational interruptions and third-party liability, are subject to exclusions and limitations of liability both in amount and with respect to the insured events. The Group's insurance coverage may, therefore, turn out not to be sufficient. Earthquakes, floods, fires, storms, pandemics, epidemics and similar natural disasters as well as certain acts of terrorism or war, cyberattacks (including but not limited to DoS attacks or DDoS attacks, ransomware attacks or any other malware attack) or other events may cause damages which are not or only partly covered by insurance and may thus lead to significant losses and costs in connection with remediation and repair work that must be borne by the Group. As a result of their quality as a landmark or their high affluence, certain Properties of the Group may constitute targets for terrorist attacks. In addition, significant costs could result if tenants terminate their lease agreements or withhold part or all of the agreed rent payments as a consequence of any of the foregoing events. Also, the insured value of Property may be significantly below its Fair Value. If the Group suffers a loss or incurs a liability against which it is uninsured or insufficiently insured, this could have material adverse effects on its business, assets and liabilities, financial condition and results of operations.

Force majeure events (e.g., natural disaster such as earthquakes, floods, fires or storms, war or terrorist attacks, pandemics, epidemics, sabotage, cyberattacks (including but not limited to DoS attacks or DDoS attacks, ransomware attacks or any other malware attack) or unforeseeable geological events that cannot be influenced by the Group) can have a negative influence on the business, asset and liabilities, financial condition or results of operations of the Group. In addition, it cannot be excluded that the Group must pay at least in part for the consequences of events involving force majeure for which there may not exist adequate insurance coverage or for which such insurance coverage may only be obtained at unreasonably high costs to the Group.

The Group is exposed to possible conflicts of interest.

Certain members of the Board of Directors of the Company and of its subsidiaries, external facility management service provides and the Valuation Expert do not work exclusively for the Group, which may cause conflicts of interest in the allocation of management resources or in other respects. In particular, the valuation expert Wüest Partner does not work exclusively for the Group, but also works for various other real estate companies and/or supports other real estate investments (including investments of third parties).

The Group bears risks in connection with possible acquisitions and investments such as greater indebtedness, higher interest expenses, challenges in the integration of the business and in achieving the anticipated synergies.

Business acquisitions and investments could involve considerable risks. In addition to the risks from the investments themselves, economically successful acquisitions tie up management resources that then cannot be deployed elsewhere in the Group. Business acquisitions and investments can lead to greater indebtedness and higher interest expenses. Additionally, the integration of management and employees from the newly acquired company could fail. Anticipated synergies, economies of scale and cost savings might not be realised in whole or in part or might occur only later. This could result in higher administrative and management costs.

The Company owns Properties through its subsidiaries and does not directly own any Properties.

The Company owns Properties through its subsidiaries and does not directly own any Properties. The Yielding and Development Properties of the Company's subsidiaries are often charged in favour of lenders to such subsidiaries. Accordingly, any proceeds in case of a winding up or liquidation of a Group subsidiary must first be used to cover claims of creditors of such subsidiaries. As a result, shareholders of the Company may suffer difficulties or delays in realising any proceeds from the sale of Properties by Group companies in the case of a winding up, liquidation or similar events.

The Group is exposed to a number of operational risks.

The Group is exposed to various operational risks, such as agreements containing unfavourable or unenforceable terms for the Group or fraudulent behaviour of management or employees. Such operational risks may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group relies on the proper functioning of its computer and data processing systems, and a large-scale malfunction or potential unauthorised access to critical and sensitive information could result in disruptions to the Group's business.

The Group's ability to keep its businesses operating depends on the functional and efficient operation of its computer and data processing and telecommunications systems. Computer and data processing systems are susceptible to malfunctions and interruptions (including due to equipment damage, power outages, fire, natural disasters, breakdowns, cyberattacks (including but not limited to DoS attacks or DDoS attacks, ransomware attacks or any other malware attack), computer viruses, and a range of other hardware, software and network problems), and the Group may be unable to prevent malfunctions or interruptions. A significant or large-scale malfunction or interruption of its computer or data processing systems could disrupt the Group's operations, for example by causing delays or the cancellation of customer orders, impeding the manufacture or shipment of products, the processing of transactions and the reporting of financial results, or could damage the Group's reputation.

In addition, the Group faces the risk of potential unauthorised access to, and the loss, theft or unauthorized disclosure of critical and sensitive information, for example as a result of industrial espionage activities or cyberattacks (including but not limited to DoS attacks or DDoS attacks, ransomware attacks or any other malware attack). A leak of confidential information or the loss, theft or unauthorized disclosure of critical and sensitive information could reveal trade secrets or know-how of the Group or its customers to competitors and harm the Group's business, competitive position and reputation. The Group's insurance may not or not adequately compensate it for all losses or failures that may occur. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Risks related to the legal and regulatory environment

The Group is dependent on governmental and political developments.

The value of the Group's Properties, and therefore of the Company and its subsidiaries, may be materially adversely affected by political events and/or changes in laws and regulations. In the event that regulations change in respect of the condition or operation of its Properties, the Group may be required to incur capital expenditure to comply with new regulations. The Group may be unable to finance required alterations on reasonable terms, which could result in its Properties being unsuitable for their current purposes. Changes in law and regulations could also adversely affect the profitability of the tenants of the Group's Properties by substantially increasing their operational costs. Increased operational costs may affect the (future) tenants' ability to make rental payments, which, in turn, may have material adverse effects on the Group's business, assets and liabilities, financial conditions and results of operations.

The Group is exposed to restrictions under existing private and public laws, potential claims resulting from encroachment under existing civil law and the risk of changes in applicable laws or regulations.

The Group is subject to various restrictions under existing public law, including, but not limited to, public planning regulations and public building restrictions affecting, among other things, the use of the Group's Properties and buildings. Changes in construction laws and regulations applicable to new developments, rebuilding and renovations can lead to additional costs (approval procedures, time delays) or influence the value of the Property. The amendment of regional planning orders may lead to a change in the qualification of the zone in which the Property was originally located (*Nichteinzonung, Um-/Ab-/Auszonung*), in turn resulting in a loss in Fair Value of the Properties located in the affected zones. The non-compliance with any of these restrictions or the invalidity of any permit, certificate of protection or any other required consent that the Group obtained as well as the assertion of claims against the Group due to the violation of public planning and building regulations or encroachments could have a material adverse effect on the Group's business, assets and liabilities, financial conditions and results of operations.

In addition, the Group's long-term business planning assumes that the laws and regulations concerning the development, use, letting and taxation of Properties will remain generally unchanged. However, changes in economic or political conditions may lead to changes in landlord-tenant legislation, building and construction laws and regulations, environmental laws and regulations, tax laws and other laws affecting the real estate industry or the Group's business. The enactment of stricter laws and regulations governing, for example, the presence of asbestos and other hazardous construction materials in existing structures or the remediation of existing environmental contamination, access for disabled people, the limiting of rent increases or other matters could increase the Group's costs of maintaining, refurbishing, owning and letting Properties or decrease the Group's revenues resulting from these activities, which could have a material adverse effect on its business, assets and liabilities, financial condition and results of operations.

The Group is subject to the corporate law of the jurisdiction in which the Company and its subsidiaries have their registered offices or in which their main administration is located. Changes in the law may have negative consequences on the Group, the rights of the Company as shareholder in its subsidiaries and on the rights of the Company's shareholders.

The Group may be affected by restriction on laws and regulations, in particular the Swiss legislation restricting Property investments by non-Swiss residents (Lex Koller).

The Federal Act on the Acquisition of Real Estate by Non-Residents dated 16 December 1983, as amended (also referred to as "**Lex Koller**") restricts the acquisition of residential real estate by non-residents of Switzerland. Under the current legislation, the acquisition of commercial real estate is not subject to an official authorisation since 1997. Moreover, the acquisition of shares in a listed real estate company, and thus of the Shares, is not subject to authorisation pursuant to this legislation since 2005. However, should the Company become controlled by non-Swiss nationals, the Group may be restricted in acquiring new Properties that are subject to the legislation, although it would not be required to divest any existing Properties. To ensure compliance with requirements of Swiss federal laws regarding the shareholders, such as the requirements of Lex Koller regarding Swiss control, the Articles of Association empower the Board of Directors to decline the registration of (non-Swiss) persons as shareholders of the Company with full voting rights, if and to the extent their registration by the Company may prevent it from satisfying the requirements under Swiss federal law regarding the shareholders of the Company.

The Swiss Federal Council, based on the mostly negative feedback received on its proposals during the respective consultation, decided in 2018 not to pursue a revision of the Lex Koller. However, the Swiss Parliament is now discussing a motion to request the Swiss Federal Council to propose a revision of the Lex Koller based on the previous proposal. Such revision may, inter alia, propose that the acquisition of commercial real estate by non-Swiss residents shall be subject to an official authorisation. Besides, there is an initiative pending by the Swiss Parliament requesting that strategic infrastructures of the energy industry – namely hydroelectric power plants, electricity grids and gas grids – shall be subject to the Lex Koller. If restrictions of the Lex Koller were adopted, negative consequences on the Swiss real estate marketplace would have to be expected.

These and other restrictions or other changes in laws, other regulations or administrative practice may hinder or prohibit foreign investors from investing in real estate in Switzerland (especially commercial real estate) or in real estate companies. The implementation or reintroduction of such restrictions may have adverse implications on the demand in the real estate market and, accordingly, may lead to a loss in value of current real estate investments.

The Group is exposed to risks in connection with implementation and application of article 5 of the Federal Act on Spatial Planning (Mehrwertabgabe).

According to article 5 of the Federal Act on Spatial Planning of 22 June 1979, as amended ("**SPA**"; *Raumplanungsgesetz*), the Cantons are obliged to provide appropriate compensation for significant advantages and disadvantages resulting from planning measures under the SPA. This value-added levy is intended to skim off part of the value added to a Property as a result of a planning measure and without any action on the part of the Property owner, such as in the case of zoning. The implementation and application of value-added compensation (article 5 of the SPA) in the Cantons and municipalities is still fraught with uncertainty. The interpretation of article 5 of the SPA by the Cantons and municipalities can have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

The Group is exposed to liability risks resulting from damages of third persons due to deficiencies of its Properties.

Possible defects of the Group's Properties may result in damage to life, health or moveable or immoveable assets of third persons. This applies particularly with regard to publicly accessible Properties. The Group could be held liable for such damage, against which it may be insufficiently insured. In addition, the reputation of the Group in the real estate market could be adversely affected even if such occurrences were not due to any fault on the part of the Group. Any such event could have a material adverse effect on the Group's business, assets and liabilities, financial condition and results of operations.

The Group is exposed to tax risks.

Unfavourable interpretations or changes in tax laws, judicial practice or of any rules established in tax practice could adversely affect the Group's business, assets and liabilities, financial condition and results of operations to a material extent. Such changes could e.g. relate to the deductibility of interest expenses or depreciation for tax purposes, to the refusal of tax-deductible losses or to currently applicable tax exemptions for certain types of income. The changes could relate to the current financial year or to prior years unless they have been finally assessed for tax purposes. Moreover, such changes can have adverse effects not only on the Group and its Properties but also on local business and, consequently, on the real estate market in general.

The Group companies have not been finally assessed for all financial years up to the date hereof. The tax authorities may add additional items to the taxable income of the Group companies or disallow tax deductions and allowances with respect to any open assessment so that the tax liabilities of the Group companies may be increased. Tax issues related to the Group cannot always be negotiated with the tax authorities and resolved. A different assessment of the Group companies' tax situation by tax authorities could have material adverse effects on the results of the Group.

Real estate is valued at Fair Value in the consolidated financial statements and deferred tax liabilities have been recognised. The rates of Cantonal real estate capital gains taxes depend on the duration of ownership and vary among Cantons. Together with federal income tax, a combined effective tax rate of up to approx. 66% may apply to short-term realised real property gains. For the calculation of deferred taxes, the Group applies a specific estimated holding period for each Property. The actual tax rate may be higher if Properties were sold at an earlier point in time.

The Group may opt to discount deferred taxes for Investment Properties considered to be sold based on the expected remaining holding period in line with the Group's strategy and in accordance with Swiss GAAP FER (currently discounted at 2% based on an estimated thirty-year holding period). Such change in estimate, if opted for, would have a negative impact on the Group's profit and loss in the respective period.

The Group may be involved in legal and other proceedings arising from its operations from time to time.

The Group may be involved from time to time in disputes with various parties involved in the development and letting of its Properties such as contractors, sub-contractors, suppliers, construction companies, purchasers and tenants. These disputes may lead to legal or other proceedings and may cause the Group to incur additional costs and experience delays. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that result in financial losses and delay the construction or completion of its projects and therefore have material adverse effects on the Group's business, assets and liabilities, financial condition and results of operations.

For information on the currently pending or impending court, arbitral or administrative proceeding which the Group is involved and for which it cannot exclude to potentially be of material importance to its assets and liabilities or profits and losses and therefore may realise the risk as described above, see "*BUSINESS ACTIVITIES – Litigation*".

Regulatory developments with respect to use and security of personal data and public records could have a material adverse effect on the Group's business, reputation financial condition and results of operations.

Because the Group's databases and the databases of third-party service providers that it works with include certain non-public personal or commercial information concerning its employees, vendors and customers, the Group is subject to government regulation concerning the processing of this data. Failure to comply with these laws by the Group could result in substantial regulatory penalties, litigation expense, adverse publicity, harm to reputation and loss of revenue. In addition, if such information were compromised as a result of any cyberattack or other security breach of the Group's systems, the Group could also be found liable for such breach if the Group did not have appropriate safeguards in place to protect such data and records. Moreover, cyberattacks, including but not limited to DoS attacks or DDoS attacks, ransomware attacks or any other malware attack, could result inter alia in loss of personal data (including sensitive and tenant date), significant ransom payments, adverse effect on the Group's operational functionality as well as substantial financial and reputational damage. Further, many consumer advocates, privacy advocates and government regulators believe that existing laws and regulations do not adequately protect privacy. As a result, they are seeking further restrictions on the dissemination and commercial use of personal information to the public and private sectors. Regulations regarding privacy and data protection may also become stricter in the future. For example, the European Union has adopted the General Data Protection Regulation, Regulation (EU) 2016/679 (the "**GDPR**") which introduced significant changes to the data protection regime of the EU, for example, higher potential liabilities for certain data protection violations. With the revised Federal Act on Data Protection of 19 June 1992, as amended (revised form may come into force with effect as of end of 2022), Switzerland will establish a stricter data protection regime as well, which for instance provides for personal criminal liabilities of the Group's responsible employees for specified data protection violations.

Any such restrictions may increase compliance burdens on the Group and reduce the Group's ability to market its products, services and technologies, which could have a material adverse effect on its business, financial condition and results of operations.

Risks related to the Offering and the Shares

If the Offering is not completed, the allocation of Rights and the previously purported exercise of Rights or purchase of Offered Shares will be deemed not to have been made and the Rights would become worthless.

The Offering is subject to the fulfilment of certain conditions and the making of certain representations by the Group as contained in the Placement Agreement (as defined below). If one or more of the conditions were not to be fulfilled, or if there were a breach of certain representations, the Offering may be terminated by the Sole Lead Manager at any time prior to the Settlement Date. In such event, the Offering will lapse and the allocation of the Rights and any previously purported exercise of Rights or purchase of Offered Shares will be deemed not to have been made and as a result, the Rights will expire and become worthless without compensation.

The price of the Shares has been and may continue to be volatile.

The market for and the price of the Shares is volatile and may be adversely affected by events involving the Group, its competitors, or the financial markets in general. Sales, or the possibility or perceived possibility of sales, of a substantial number of Shares could have an adverse effect on the market trading prices of the Shares. The market price of the Shares may fall again and even fall below the net asset value of the Group. Factors that could cause such volatility in the market price of the Shares include, but are not limited to:

- the liquidity of the market for the Shares;
- actual or anticipated fluctuations in the Group's results of operations or financial condition;
- differences between the Group's actual or projected financial or operating results;
- market expectations for the Group's financial performance;
- changes in assessments of the Group or its industry in research reports published by industry and securities analysts, or the cessation of potential coverage by such analysts;
- strategic actions by the Group or its competitors, such as acquisitions;
- actual or anticipated sales of the Shares;
- new laws or regulations, including Swiss GAAP FER, or changes in interpretations of existing laws and regulations affecting the Group's business, including Swiss GAAP FER;
- litigation or regulatory action involving the Group or industry sectors influencing its business; and
- the state of the global economy, including developments related to COVID-19.

Shareholders may not receive dividends or other distributions.

In the past three (3) financial years, the Company has not always paid any dividends or made other distributions to its shareholders (see "*DIVIDEND POLICY*").

Even though the Company intends to continue to pursue an attractive dividend policy that is based on HIAG's operating results, excluding revaluation effects (including the resulting deferred taxes) and before significant non-cash accounting transaction, there is no assurance that shareholders will receive any dividends or other distributions in the future.

Holders of Rights who have exercised them will purchase Shares at the Offer Price, which may be higher than the actual market price for the Shares at the Settlement Date.

Subject to applicable laws, rules and regulations, holders of Rights must exercise their Rights in the Rights Exercise Period. Each exercise of Rights will be effective at the Offer Price and is irrevocable and may not be withdrawn. The Company cannot assure that the market price of the Shares will not decline below the Offer Price Range and/or the Offer Price. If the market price for the Shares declines below the Offer Price Range and/or the Offer Price, the shareholder will be required to purchase Shares at a price that will be higher than the actual market price for the Shares at that time. Should that occur, the shareholder will suffer an immediate unrealised loss as a result. Moreover, the Company cannot assure shareholders that, following the exercise of the Rights, shareholders will be able to sell the Offered Shares at a price equal to or greater than the Offer Price.

Rights will not be traded on SIX Swiss Exchange. Failure to validly exercise Rights by 12 November 2021, 12:00 noon (CET), will result in such Rights becoming null and void without compensation and existing shareholders holding such Rights will be diluted accordingly.

The Rights will not be traded on SIX Swiss Exchange. Therefore, it may be difficult for holders of Existing Shares which do not intend to exercise their Rights to sell their Rights. If holders of Existing Shares or prospective investors having purchased Rights do not or are not able to validly exercise their Rights by 12 November 2021, 12:00 noon (CET), such Rights will become null and void without compensation. To the extent that holders of Existing Shares do not exercise their Rights to subscribe for the Offered Shares, their ownership and voting interest in the Company will be diluted accordingly.

Shareholders outside of Switzerland may not be able to exercise pre-emptive rights and their ownership and voting interest will be diluted accordingly.

Under Swiss law, if not validly withdrawn or restricted, shareholders have certain pre-emptive rights to subscribe on a pro rata basis for issuances of new shares, or other securities that entitle holders to acquire new shares. Due to laws and regulations in jurisdictions outside Switzerland, including the United States, Australia, Brazil, Canada or Japan, shareholders in those jurisdictions may not be able to exercise their pre-emptive rights unless the Company takes action to register or otherwise qualify the rights offering under the laws of that jurisdiction. For example, in the United States, US holders of Shares may not be able to exercise pre-emptive rights, such as the Rights, unless a registration statement under the Securities Act is declared effective with respect to the shares issuable upon exercise of such rights or an exemption from the registration requirements is available. The Company does not intend to take any action to register or otherwise qualify the Offering in any jurisdiction other than Switzerland. If shareholders in such jurisdictions are unable to exercise their pre-emptive rights, their ownership interest in the Company would be diluted.

Future issuances of equity or debt securities that are convertible into equity may result in a dilution of shareholding.

The Company may choose to raise additional capital depending on market conditions or strategic considerations. To the extent that additional capital is raised through the issuance of equity or other securities that are convertible into equity, such issuance could further dilute a shareholders' proportional ownership and voting interest in the Company.

Shareholders may be subject to exchange rate risks.

The Offered Shares being issued in the Offering are priced in Swiss Francs and will be quoted and traded in Swiss Francs. In addition, any dividends or other distributions the Company may pay, if any, will be declared and paid in Swiss Francs. Accordingly, holders of Shares resident outside Switzerland are subject to risks arising from adverse movements in the value of their local currencies against the Swiss Franc, which may reduce the value of the Shares, as well as that of any dividends or other distributions paid.

2. USE OF PROCEEDS

The Company expects to receive Net Proceeds of approximately CHFm 155.9, assuming the Offered Shares are subscribed for in full (i.e. the maximum number of 1,686,600 Offered Shares are issued at the Offer Price of CHF 95.00 (mid-point of the Offer Price Range) per Offered Share) and after deduction of the Swiss issue stamp tax (*Emissionsabgabe*) of 1%, estimated commissions and other expenses associated with the Offering.

The Company intends to use the Net Proceeds to partially finance development projects, see "*BUSINESS ACTIVITIES – Project Pipeline*".

The Net Proceeds may also be used by the Company to reduce financial liabilities, to realise favourable purchase opportunities for Properties, for working capital or for other general corporate purposes.

3. DIVIDEND POLICY

The Company strives to distribute an attractive dividend to its shareholders every year. The distribution is based on HIAG's operating result, excluding revaluation effects (including the resulting deferred taxes) and before significant non-cash accounting transactions. The pay-out ratio is a maximum of 100%.

The Company paid (i) CHF 3.90 gross per Share (from amount carried forward (CHFm 17.5) and from capital contribution reserves (CHFm 13.9)) for the financial year 2018 and (ii) CHF 2.30 gross per Share (50% from retained earnings (CHFm 9.6) and 50% from capital contribution reserves (CHFm 9.6)) for the financial year 2020 in dividends to the shareholders. The Company did not pay any dividends or made any other distributions to shareholders for the financial year 2019.

The Company intends to continue to pursue an attractive and investor-friendly dividend policy that is consistent with the course of HIAG's business and to pay out part of its disposals resulting from sales of Properties by way of dividends or other distributions to its shareholders.

As of 30 June 2021, the Company has capital contribution reserves of CHFm 26.2 (31 December 2020: CHFm 35.9, whereof CHFm 32.1 were accepted by the Swiss Federal Tax Administration). These reserves can be paid out to the shareholders with tax privileges (see "*TAXATION – Taxation in respect of Offered Shares*"). HIAG's dividend policy entails a pay-out ratio of 50% from the capital contribution reserves, as long as capital contribution reserves are available.

The Company expects an increase of its capital contribution reserves of approximately CHFm 154.2 to approximately CHFm 184.4, assuming the Offered Shares are subscribed for in full (i.e. the maximum number of 1,686,600 Offered Shares are issued at the Offer Price of CHF 95.00 (mid-point of the Offer Price Range) per Offered Share) and after deduction of the Swiss issue stamp tax (*Emissionsabgabe*) of 1%, estimated commissions and other expenses associated with the Offering.

4. CAPITALISATION AND INDEBTEDNESS

The table below sets forth the consolidated capitalisation, indebtedness, and certain other balance sheet information of HIAG as of 30 June 2021 on an actual basis and on an adjusted basis to give effect to the Offering and the estimated Net Proceeds therefrom assuming that the Offered Shares are fully subscribed and allocated.

This table should be read in conjunction with the consolidated financial statements 2020 and consolidated interim financial statements of the first half of the financial year 2021 of HIAG and the notes thereto, as well as the other financial statements and information included elsewhere in this Prospectus.

	As of 30 June 2021		
in CHFm, unaudited	**Actual**	**Adjustment(1)**	**As adjusted**
Cash and cash equivalents	26.4	+155.9	182.2
Current financial liabilities	194.6	0	194.6
Non-current financial liabilities	739.7	0	739.7
Total financial liabilities	**934.3**	**0**	**934.3**
Share capital	8.4	+1.7	10.1
Capital reserves	30.2	+154.2	184.4
Own shares	–4.5	0	–4.5
Retained earnings	750.9	0	750.9
Total shareholders' equity	**785.0**	**+155.9**	**940.9**
Total capitalisation(2)	**1,719.3**	**+155.9**	**1,875.2**

(1) *Adjustments reflect the Net Proceeds of the Offering, assuming that the maximum number of 1,686,600 Offered Shares are issued at the Offer Price of CHF 95.00 (mid-point of the Offer Price Range) per Offered Shares and after deduction of the Swiss issue stamp tax (Emissionsabgabe) of 1%, estimated commissions and other expenses associated with the Offering.*

(2) *Corresponding to the total financial liabilities plus the total shareholders' equity.*

Except as described in this Prospectus, there have been no material changes to the capitalisation, indebtedness, and other balance sheet information included in the tables above since 30 June 2021, other than (i) as a result of ongoing normal operating activities, such as changes in cash and cash equivalents and results of operations, (ii) as otherwise discussed in the section "*MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERTIONS – Recent developments and extraordinary events*" in this Prospectus and (iii) any changes that would not have a material adverse effect on HIAG.

5. SHARE PRICE INFORMATION

The table below sets forth, for the periods indicated, the reported high and low closing prices as well as the period-end closing prices for the Existing Shares on SIX Swiss Exchange.

Period	High (CHF)	Low (CHF)	Period End (CHF)
2018	130.50	108.50	116.50
2019	138.50	102.50	108.00
2020	117.00	73.80	109.50
2021 ytd(1)	116.50	96.80	97.00

Source: Bloomberg

(1) *From 1 January 2021 to 29 October 2021.*

6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Major factors affecting the Group's results of operations and financial condition

Note: The consolidated income statements, balance sheets and cash flow statements data for the years ended 31 December 2018, 2019 and 2020 are derived from the **audited** consolidated annual financial statements included elsewhere in this Prospectus. For the six-month periods ended 30 June 2019 and 2020, they are derived from the **unaudited** consolidated interim financial statements included elsewhere in this Prospectus.

The Group is exposed to various factors that may affect the development of its business, net assets, financial condition and results of operations:

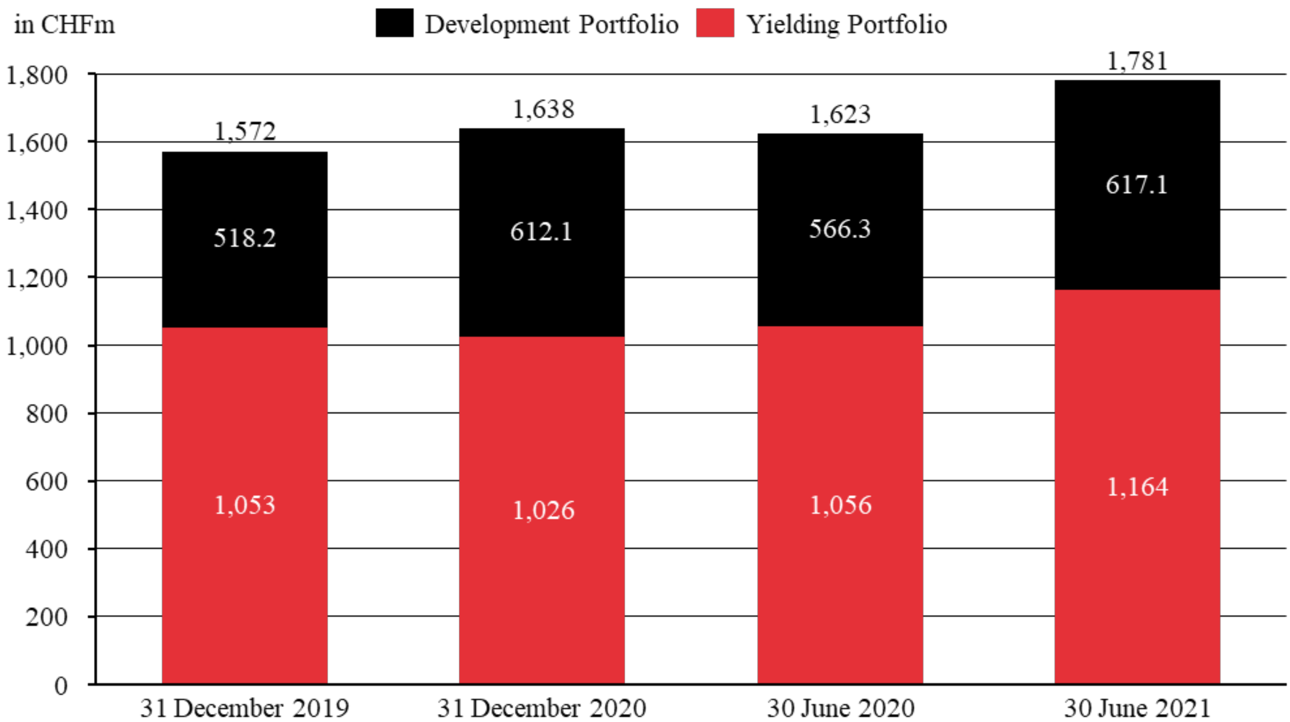
General economic and demographic developments in Switzerland

The Fair Value and Property Income of the Group's Investment Properties Portfolio depend on general economic factors. Economic developments beyond the Group's control, including gross domestic product ("**GDP**") growth, consumer confidence, unemployment rates, inflation and interest rate levels affect demand for Properties, rental rates, Property sales, opportunities for acquisitions, Property purchase prices/valuations and the Group's cost structure. Demographic factors including changes in migration patterns, population growth and vacancy levels in the real estate market are also regarded as important long-term drivers of the Fair Value and Property Income of our Investment Properties Portfolio (see "*INDUSTRY BACKGROUND AND MARKET OVERVIEW*").

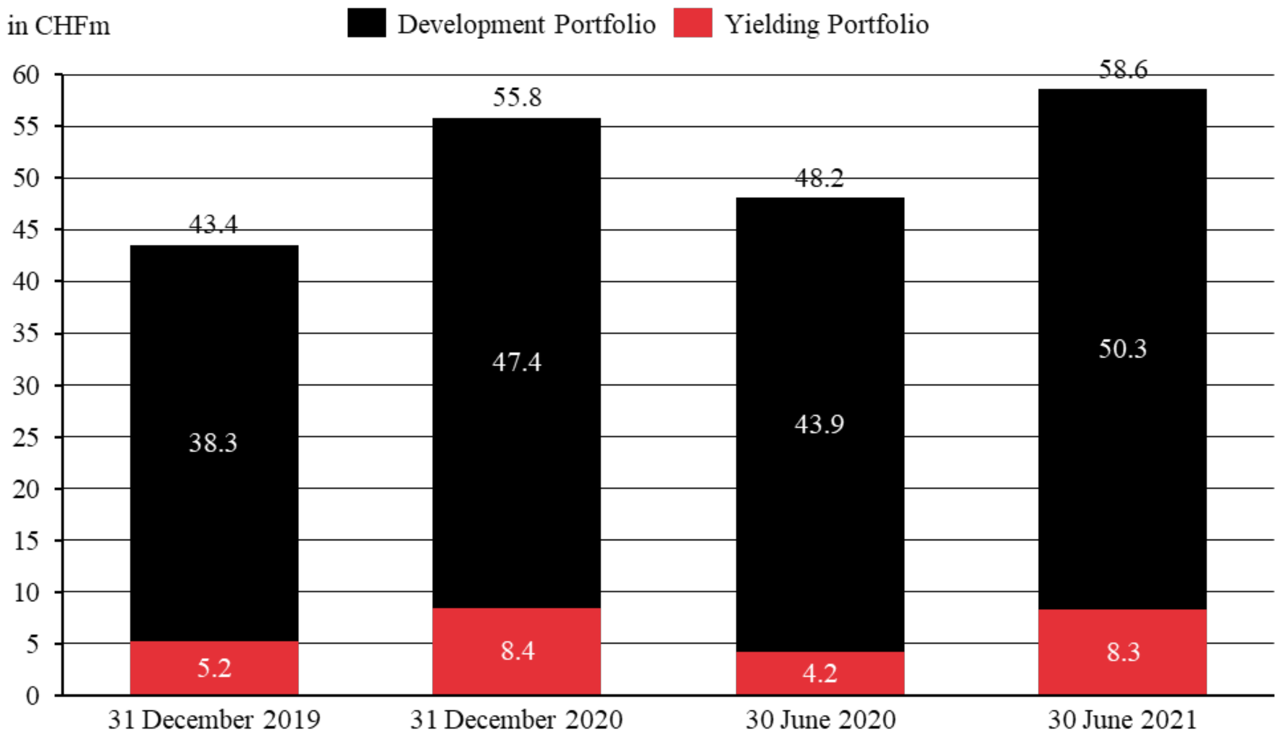
Portfolio size

The Group's Property Income generally depends on the size of the Group's Investment Properties Portfolio. Over the last three (3) years the Group has significantly increased the size of its Investment Properties Portfolio. The Fair Value of the Investment Properties Portfolio including the provision for environmental risks amounts to CHFb 1.8 as of 30 June 2021 compared to CHFb 1.6 as of 31 December 2020.

The following chart shows the development of the Fair Value of the Group's Investment Properties Portfolio, including the provision for environmental risks, split by Yielding and Development Portfolio:



In the reporting periods covered by this Prospectus, Wüest Partner appraised all Investment Properties. The clarification of environmental risks is an ongoing process. HIAG's Investment Properties Portfolio will be reassessed half yearly based on a risk analysis by the Executive Board. The contaminated materials and land is reanalysed based on historical knowledge and current technical investigations. For the calculation of the provision for environmental risks, a probability and a time horizon is defined by the Executive Board, which correspond to the development horizon. The following chart shows the provision for environmental risks, which are already balanced into the Fair Value of the Investment Properties Portfolio, i.e. the Fair Value is calculated by deducting a provision for environmental risks from the value of the Investment Properties determined by Wüest Partner.

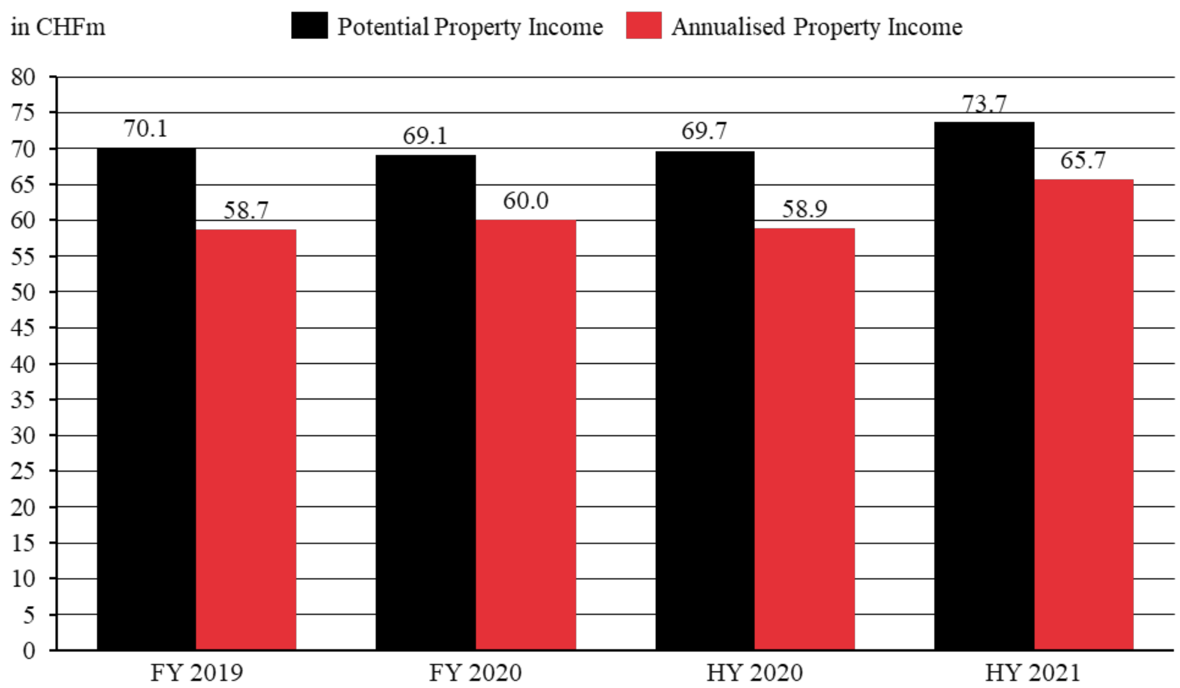


The calculation of environmental risks is based on analyses carried out on the respective Sites. HIAG uses provisions for environmental risks to cover the risks that arise in connection with the development of Sites. The increase in the provision for environmental risks as of 30 June 2021 compared to 30 June 2020 and 31 December 2020 can be justified by the fact that HIAG initiated a detailed investigation during this period to identify the environmental risks and adjust the provision. Furthermore, the provision for environmental risks is influenced by acquisitions and divestments in the respective periods.

Property Income

The Annualised Property Income increased from CHFm 60.0 as of 31 December 2020 to CHFm 65.7 as of 30 June 2021. The Potential Property Income increased from CHFm 69.1 to CHFm 73.7 in the same period.

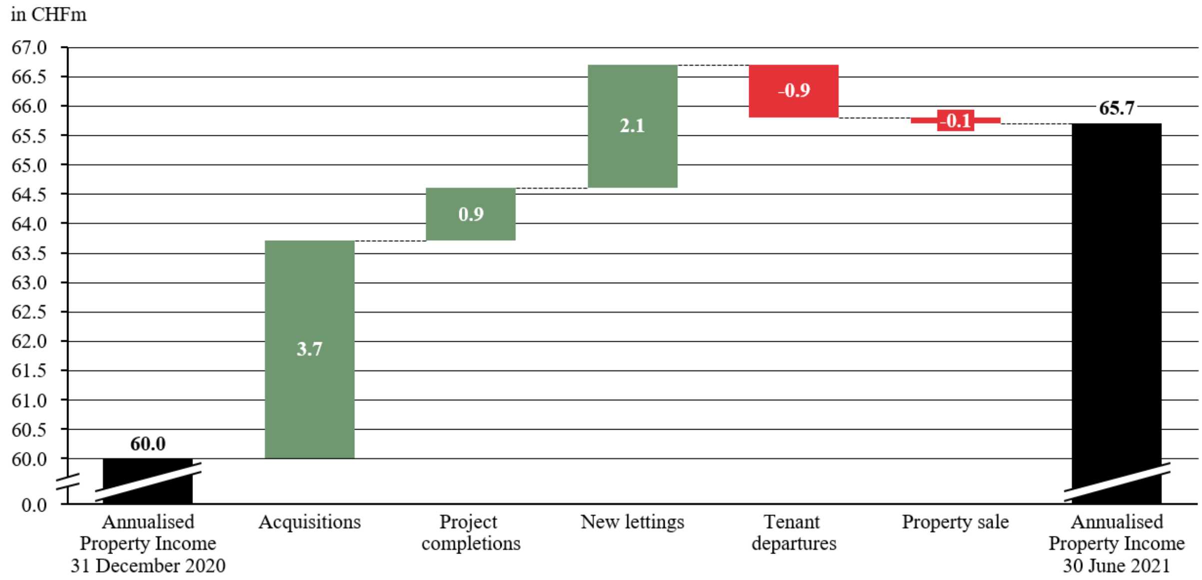
The following chart shows the development of the Potential Property Income and Annualised Property Income over the last three (3) years.



The gap between Potential Property Income and Annualised Property Income as of 31 December 2020 (CHFm 9.1) has decreased by CHFm 1.1 to CHFm 8.0 as of 30 June 2021. This change results on the one hand from the reduction of vacancies and on the other hand from new higher lease agreements.

The following chart shows the key drivers of the Group's Annualised Property Income from 31 December 2019 to 31 December 2020.

The following chart shows the key drivers of the Group's Annualised Property Income from 31 December 2020 to 30 June 2021.



Marketing and the related signing of new lease agreements are important elements of the Group's performance. Lease agreements are typically signed throughout the year and therefore contribute only partially to full-year financial performance of the Group. The same applies to lease agreements from acquisitions, project completions, tenant departures and Property sales.

Vacancy levels

Lower vacancy levels increase Property Income and enable the Group to pass on ancillary expenses to tenants and reduce the vacancy costs borne by the Company. Vacancy rates mainly depend on economic and demographic factors, the success of the Group's marketing/lease activities and the specific attractiveness of a particular Property unit.

The vacancy rates in the Group's Investment Properties Portfolio varies according to the Property's development status. The Yielding Portfolio represents 74 Properties with a Fair Value of CHFb 1.2 and a vacancy rate of 9.7% as of 30 June 2021. The 44 Development Properties with a Fair Value of CHFm 617.1 have a vacancy rate of 15.7% as of 30 June 2021. The Group expects to reduce the vacancy rate of its Investment Properties Portfolio following the completion of development projects, through sales of non-strategic Properties and acquisitions (see " – *Business Prospects*").

The following table shows the development of the vacancy rate from December 2019 to June 2021.

Vacancy rates (%)	**FY 2019**	**FY 2020**	**HY 2020**	**HY 2021**
Yielding Portfolio	16.6%	13.0%	15.2%	9.7%
Development Portfolio	13.7%	13.7%	16.7%	15.7%
Total Investment Properties Portfolio	**16.2%**	**13.2%**	**15.5%**	**10.8%**

The vacancy rate was again significantly reduced compared to 31 December 2019. The decrease from 16.2% to a total of 13.2% as of 31 December 2020 to 10.8% as of 30 June 2021 results from the completion of projects in Niederhasli (ZH) and Goldach (SG) which are now fully let. New acquisitions with Property mostly fully let in Winterthur (ZH), Solothurn (SO) and Buchs (AG) and new lettings in several locations. The higher vacancy rate of the Development Portfolio is linked to tenant departure in Aigle, VD, and to the completion of the project "Doka" in Niederhasli, ZH, during the first half year 2021. Referenced fully let Property is disclosed under the Yielding Portfolio as of 30 June 2021.

The vacancy rate is slightly higher than that of the competitors, because HIAG owns only a few residential Properties and focuses on the development of its industrial Sites. In contrast, HIAG has high potential to increase Property Income through new tenants without making additional Property acquisitions.

Rental rates

HIAG's Property Income is directly affected by the level of in-place rent per sqm that the Group can charge. The average Potential Property Income per sqm and per annum was CHF 125 in the Yielding Portfolio, CHF 82 in the Development Portfolio and CHF 114 in the total Investment Properties Portfolio as of 30 June 2021. HIAG believes that its rental rates provide further upside potential compared to rental levels currently observed in the wider market for similar Properties in relation to the planned development projects. Rental levels vary significantly depending on, among other factors, location, use type and the state of renovation. The Group views its Investment Properties Portfolio to be highly heterogenic. The following table shows the Potential Property Income per sqm and per annum as of 30 June 2021.

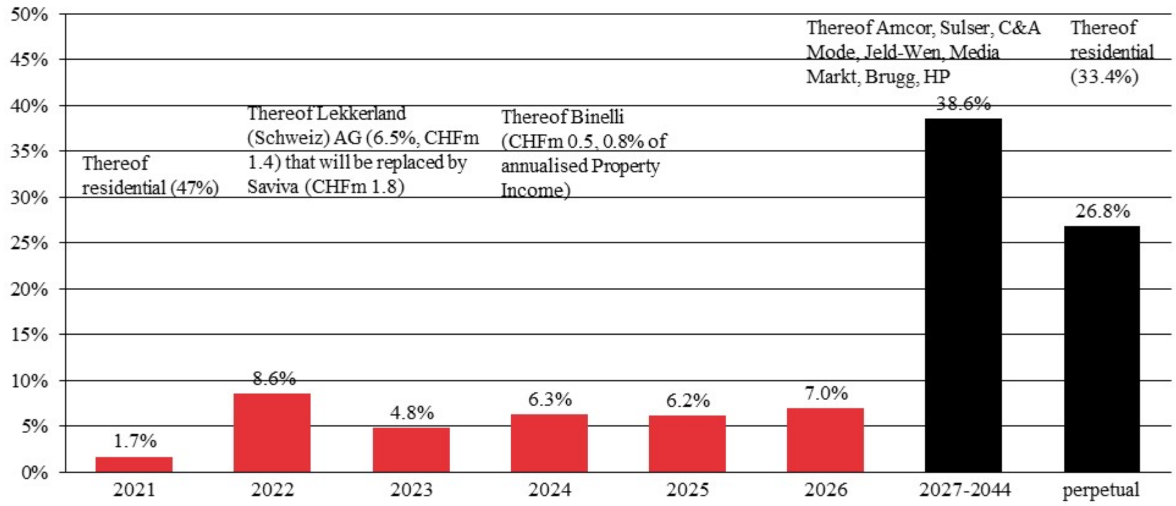
CHF (per sqm per annum)[(1)]	Industrial	Logistics	Office	Residen-tial	Res. mixed	Retail	Others	**Total**
Yielding Portfolio	80	126	213	188	199	172	213	**125**
Development Portfolio	72	60	156	54	–	–	257	**82**
Total	77	121	191	166	199	172	222	**114**

[(1)] *Table excluding Properties where lettable area (sqm) is not available.*

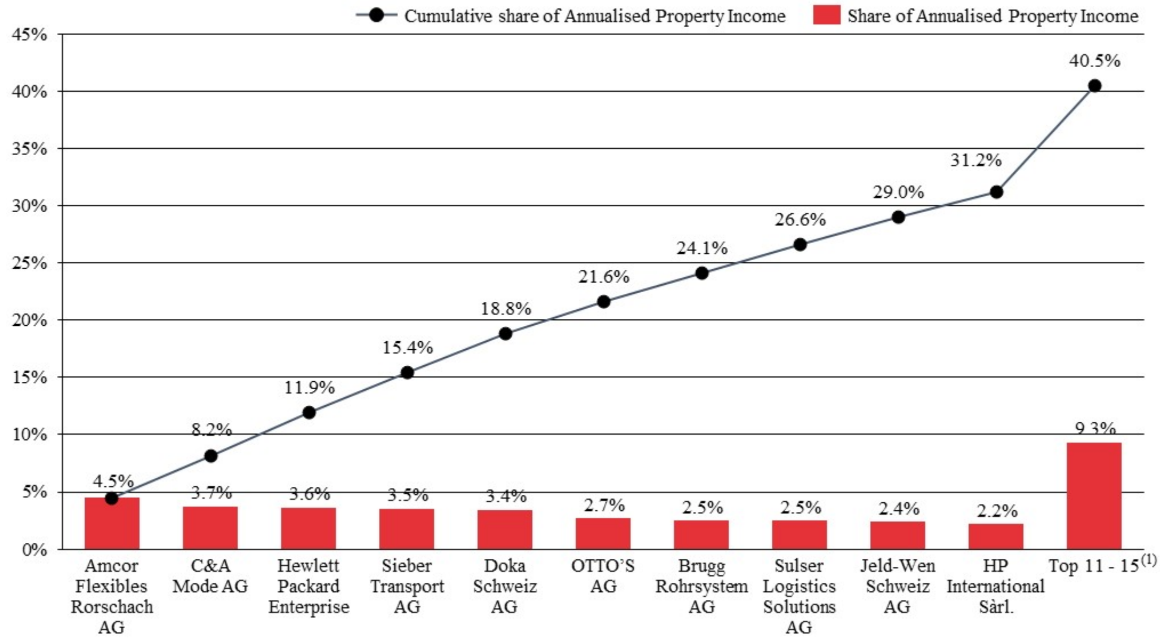
Lease terms, tenant base and rent profile

Lease terms, tenant base and rent profile are particular important factors for the assessment of the risks pertaining to HIAG's Property Income. HIAG believes that it has a broadly diversified tenant base and a strong rent profile based on its significant share of long-term tenants. HIAG has a strong weighted average unexpired lease term ("**WAULT**") of 8.1 years as of 30 June 2021. All the commercial rents are indexed according to CPI formulas. In addition, several commercial tenants have invested significant amounts of capital in Properties of HIAG, and the Group believes this supports the "stickiness" of those tenants in the Group's Properties. Contracts that have reached the end of a fixed lease term are usually adjusted to current market rent and renewed for a new fixed term. Contracts without any fixed lease terms mainly relate to residential use, the remainder mostly concern Properties under development. The terms and conditions of the Group's residential lease agreements generally follow Swiss market standards. The characteristics of HIAG's tenant base as well as the rent profile are further described in the section "*BUSINESS ACTIVITIES – HIAG's Investment Properties Portfolio – Tenant structure by size and sector*".

The following overview shows the expiry profile of lease agreements as of 30 June 2021 when the agreements can be terminated at the earliest.



The top 15 tenants of the Group account for 40.5% of Annualised Property Income as of 30 June 2021 with a comfortable WAULT of 9.9 years. The chart below shows the share of these largest 15 tenants in relation to the Annualised Property Income.



(1) *Lekkerland Schweiz, Media Markt, Stiftung FARO, Leuba HIAG, BR Bauhandel.*

Value potential of development

Execution of development projects

HIAG's development projects are typically complex, large and require significant financial resources. At the same time the development projects are essential to expand the Group's Investment Properties Portfolio and achieve attractive returns for its shareholders. In the view of the Group, the financial success of a development project is reflected in the Residual Land Value. Based on the major projects completed in the last six (6) financial years, the Group was able to achieve an average increase of Residual Land Value factor of 2.1 up to a value of CHFm 174.9. The following table shows projects completed during 2015 until 30 June 2021.

Projects	Construction start	Completion Date	Residual Land Value at inception in CHFm	Investment-volume in CHFm	Potential Property Income / Sales at completion in CHFm	Annualised Property Income in CHFm	Rezoning / Special use plan	Increase in Residual Land Value at completion (x)	Developed margin to cost
Baar, Project The Cloud	2013	2018		80.5	sold	sold	Yes		
Frauenfeld Shed & loft houses	2017	2020		17.2	0.2 Property Income / 12.0 sold	0.2 Property Income / 12.0 sold	Yes		
Frauenfeld Central building	2017	2020		15.7	0.7	0.7	Yes		
Goldach, Production + Energy Hall Amcor	2019	2020		12.0	3.0	3.0	No		
Kleindöttingen, Industrial hall, Brugg-Rohr-systeme	2019	2020		3.1	1.5	1.5	No		
Meyrin, Hive, Pavillion Luiga	2017	2021		3.6	0.2	0.2	No		
Meyrin, Hive 1	2017	2019		23.8	2.3	1.5	No		
Meyrin, Hive 2, HP	2015	2017		27.9	2.5	2.5	No		
Niederhasli, New halls + office building, Doka	2018	2021		27.0	2.3	2.3	No		
Wetzikon, Project Avellana	2019	2020		7.6	0.4	0.4	No		
Windisch, Project Spinnerei III	2012	2015		28.3	39.7 sold	sold	No		
Windisch, Project Feinspinnerei	2015	2018		15.1	24.7 sold	sold	Yes		
Windisch, Project Spinnerkönig	2013	2015		28.2	1.3	1.3	Yes		
Total			**83.2**	**289.9**				**2.1**[(1)]	**33%**

[(1)] *The increase in Residual Land Value at completion date with a factor of 2.1 amounts to CHFm 174.9.*

Acquisitions and disposals

Over the last three (3) years, HIAG has acquired a significant number of Properties through asset deal and share deal transactions. The growth drivers were the acquisition of Lancy (GE), Altstetten (ZH) and arrondissement of Biberist (SO) and Lupfig (AG) in the financial year 2019, Bussigny (GE) in the financial year 2020 and Winterthur (ZH), Solothurn (SO) and the share deal of K-Buchs S.à.r.l. with a Site in Buchs (AG) in the first half year of the financial year 2021. Those transactions increased the Investment Properties Portfolio's value by CHFm 148.1 based on the Fair Value at the date of acquisition. In the financial years 2019 until 2020, a total of 11 promotion projects were sold at a total of CHFm 21.1. Furthermore, in the financial years 2020 and 2021 three (3) non-strategic Properties were sold at a total of CHFm 34.8 based on the Fair Value at the time of disposition.

	FY 2019	FY 2020	HY 2020	HY 2021	**Total**
Number of acquisitions (Properties)	*4*	*1*	*1*	*3*	***8***
– of which Properties to be developed	4	1	1	2	*7*
– Fair Value as per acquisition date (CHFm)	51.4	9.1	9.1	87.6	**148.1**
Number of disposals of non-strategic Properties	–	*1*	–	*2*	***3***
– Fair Value as per transaction date (CHFm)	–	32.0	–	2.7	**34.8**
Number of promotion projects sold	*4*	*7*	*5*	–	***11***
– Transaction price (CHFm)	12.0	9.1	6.1	–	**21.1**

Interest rate changes and cost of financing

In addition, changes in interest rates affect the Group's business in several ways. Interest rates impact capitalisation and discount rates, which in turn influence the Fair Value of the Group's Properties. Moreover, lower interest rates in Switzerland tend to increase demand for Properties, resulting in higher purchase prices and lower costs of financing. Conversely, rising interest rates lead to economically less favourable financing terms and negatively impact Property prices.

Changes in interest rates impact the Group's cost of financing. They affect the conditions for obtaining new or extending existing fixed rate financing and impact interest payment obligations under the Group's floating rate debt obligations. The annual impact of an interest rate increase of 100 basis points on the Group would amount to CHFm 16.4 of interest expenses, which corresponds to an increase of CHFm 8.9 (HY 2021: CHFm 7.5); the average costs of debt would increase to 1.9%.

Income and deferred taxes

Income taxes consist of current income taxes and deferred taxes. Current income taxes comprise the expected tax liability on the taxable profit calculated at the tax rates applicable on the balance sheet date, property gains taxes on real estate sales and adjustments to tax liabilities or tax assets for previous years.

Deferred taxes are primarily driven by valuation differences between Fair Values and the tax-based valuations of the Investment Properties. A remaining holding period is estimated for each Property when calculating the deferred taxes for Investment Properties. The estimated holding period of the Investment Properties is defined as 30 years. The tax rates used are those currently applicable or expected at the balance sheet date. Provisions for deferred taxes are discounted with a discount rate of 2.0% as of 30 June 2021 (FY 2020: 2.0%). Therefore, deferred tax balance amounts to CHFm 79.9 as of 30 June 2021 (31 December 2020: CHFm 72.8). The discount effect equals to CHFm 58.8 as of 30 June 2021 (31 December 2020: CHFm 53.5).

Tax effects from loss carry forwards and tax credits are recognised as deferred tax assets if it seems likely that the loss carry forwards can be offset against future profits within the next 12 months.

Results of operations

The following table presents HIAG's results of operations for the years ended 31 December 2019 and 2020 and HIAG's results of operations for the six (6) months periods ended 30 June 2020 and 2021:

	Audited, for the year ended 31 December		Not audited, for the six-months period ended 30 June	
in CHFm	**2019[(1)]**	**2020**	**2020[(1)]**	**2021**
Property Income	61.4	59.7	29.5	30.6
Revaluation of Properties (net)	–16.8	27.0	17.7	32.2
Income from sale of promotion projects	1.4	10.6	7.6	–
Other operating income	7.6	12.5	3.8	6.8
Profit from sale of Properties	0.1	4.9	–	1.7
Total operating income	**53.7**	**114.7**	**58.5**	**71.4**
Personnel expenses	–14.6	–16.5	–8.7	–7.0
Direct expenses from sales of promotion	–1.2	–9.1	–6.4	–
Other operating expenses	–76.2	–18.9	–13.4	–11.5
Total operating expenses	**–92.1**	**–44.5**	**–28.5**	**–18.4**
EBITDA	**–38.4**	**70.3**	**30.0**	**52.9**
Amortisation	–40.5	–0.4	–0.2	–0.2
EBIT	**–78.9**	**69.9**	**29.8**	**52.7**
Net financial expenses	–7.5	–8.6	–3.8	–5.6
EBT	**–86.5**	**61.3**	**26.0**	**47.1**
Taxes	15.1	–6.1	–3.9	–5.1
Net income for the period incl.	**–71.4**	**55.2**	**22.1**	**41.9**
Minority interests	–0.6	–	–	–
Net income for the period excl.	**–70.8**	**55.2**	**22.1**	**41.9**

[(1)] *Restated due to changes in accounting policies (restatement presentation without impact on Net Profit).*

Comparison of financial years ended 31 December 2019 and 2020

Overview

The table below is derived from HIAG's audited consolidated annual financial statements included or referenced to in this Prospectus as of and for the financials years ended 31 December 2019 and 2020.

	Yielding Portfolio		**Development Portfolio**		**Cloud Services**		**Others**		**Intersegment elimination**		**Group**	
in CHFm	**FY 2019**	**FY 2020**	**FY 2019**	**FY 2020**	**FY2019**	**FY2020**	**FY2019**	**FY2020**	**FY2019**	**FY2020**	**FY2019**	**FY2020**
Property Income	51.1	49.1	10.3	10.9	–	–	–	–	–0.1	–0.3	61.4	59.7
Revaluation of Properties	–2.9	9.8	–13.9	17.2	–	–	–	–	–	–	–16.8	27.0
Income from sale of promotion projects	–	–	1.4	10.6	–	–	–	–	–	–	1.4	10.6
Profit from sale of Properties	0.1	4.9	–	–	–	–	–	–	–	–	0.1	4.9
Other operating income	0.3	1.2	1.1	5.2	0.8	0.1	6.1	7.1	–0.7	–1.1	7.6	12.5
Total operating income	**48.6**	**65.0**	**–1.1**	**43.9**	**0.8**	**0.1**	**6.1**	**7.1**	**–0.7**	**–1.4**	**53.7**	**114.7**
Direct expenses from sales of promotion projects	–	–	–1.2	–9.1	–	–	–	–	–	–	–1.2	–9.1
Cost of materials	–	–	–	–	–	–	–2.0	–3.1	–	–	–2.0	–3.1
Personnel expenses	–3.8	–3.0	–3.8	–6.7	–4.2	–1.9	–2.8	–4.8	–	–	–14.6	–16.5
Maintenance and repairs	–4.3	–3.7	–32.1	5.2	–4.0	–0.8	–0.2	–0.4	–	–	–40.6	0.2
Insurance and fees	–0.7	–0.7	–0.4	–0.6	–0.0	–0.0	–0.3	–0.4	0.2	–	–1.2	–1.6
Energy costs and building maintenance	–0.8	–1.2	–1.1	–3.1	–	–	–0.0	–0.1	–	–	–1.9	–4.4
General operating expenses	–0.1	–0.2	–0.1	–0.1	–	–	–0.3	–0.2	–	–	–0.5	–0.5
Office, administrative and development expenses	–2.2	–2.0	–1.3	–1.6	–21.3	–0.5	–2.7	–3.9	0.2	0.8	–27.3	–7.1
Marketing expenses	–0.4	–0.4	–0.0	–0.0	–0.1	–0.0	–0.3	–0.2	–	–	–0.9	–0.7
Rent and leases	–0.9	–1.0	–0.6	–0.5	–0.6	–0.2	–0.2	–0.4	0.3	0.5	–1.9	–1.7
Total operating expenses	**–13.1**	**–12.2**	**–40.7**	**–16.6**	**–30.2**	**–3.5**	**–8.8**	**–13.5**	**0.7**	**1.4**	**–92.1**	**–44.5**
EBITDA	**35.5**	**52.8**	**–41.8**	**27.3**	**–29.4**	**–3.4**	**–2.7**	**–6.4**	**–**	**–**	**–38.4**	**70.3**
EBITDA before revaluation of Properties	38.4	43.0	–27.9	10.1	–29.4	–3.4	–2.7	–6.4	–	–	–21.6	43.3

Yielding Portfolio

in CHFm	FY 2019	FY 2020	Variance	in %
Property Income	51.1	49.1	–2.0	–3.9%
Revaluation of Properties	–2.9	9.8	12.7	–437.9%
Income from sale of promotion projects	–	–	–	–
Profit from sale of Properties	0.1	4.9	4.8	4,800.0%
Cloud services income	–	–	–	–
Other operating income	0.3	1.2	0.9	300.0%
Total operating income	**48.6**	**65.0**	**16.4**	**33.7%**
Direct expenses from sales of promotion projects	–	–	–	–
Cost of materials	–	–	–	–
Personnel expenses	–3.8	–3.0	0.8	–21.1%
Maintenance and repairs	–4.3	–3.7	0.6	–14.0%
Insurance and fees	–0.7	–0.7	0.0	0.0%
Energy costs and building maintenance	–0.8	–1.2	–0.4	50.0%
General operating expenses	–0.1	–0.2	–0.1	100.0%
Office, administrative and development expenses	–2.2	–2.0	0.2	–9.1%
Marketing expenses	–0.4	–0.4	0.0	0.0%
Rent and leases	–0.9	–1.0	–0.1	11.1%
Total operating expenses	**–13.1**	**–12.2**	**0.9**	**–6.9%**
EBITDA	**35.5**	**52.8**	**17.3**	**48.7%**
EBITDA before revaluation of Properties	38.4	43.0	4.6	12.0%

"Property Income" in the Yielding Portfolio decreased by CHFm 2.0 to CHFm 49.1 in the financial year 2020 (FY 2019: CHFm 51.1). This decrease is due, among other effects, the exit of the tenant Decathlon (CHFm –1.6) and the tenant Meyrin Grand-Puits (CHFm –0.6). The "Property Income" developed positively due to the subsequent effects of the first rental of Meyrin Hive (CHFm 0.7), the subsequent effect of the Faro Foundation (CHFm 0.5) and the subsequent effect of the rental of Binelli (CHFm 0.4), which partially compensated for the result. In general, the Yielding Portfolio was positively impacted by the vacancy rate, which decreased from 16.6 percentage (CHFm 10.0) in financial year 2019 to 13.0 percentage (CHFm 7.1) in financial year 2020.

The "Revaluation of the Properties" in the financial year 2020 amounts to CHFm 9.8 and is therefore higher than the revaluation in the financial year 2019 (CHFm –2.9). The largest changes in value in the Yielding Portfolio were recorded in the financial year 2020 for the Property in Wetzikon (ZH) (CHFm 6.0), due to completion of the residential project with full occupancy and costs below budget, adjustment of the discount rate to current market conditions and an overall better rental situation, the Property in Cham (ZG) (CHFm 5.9), increase in occupancy rate and adjustment of the discount rate to current market conditions, and the Property in Goldach (SG) (CHFm 1.3), adjustment of the land discount rate to current market conditions, made a positive contribution.

The negative "Revaluation of Properties" results in the financial year 2019 is primarily due to the recognition of additional provision for environmental risks.

"Total operating expenses" in financial year 2020 amount to CHFm 12.2 and have thus decreased by CHFm 0.9 compared to the financial year (FY 2019: CHFm 13.1). The highest decreases were achieved in "Personnel expenses" (decrease of CHFm 0.8 compared to FY 2019) and "Maintenance and repairs" (CHFm 0.6 compared to FY 2019).

"Profit from sale of Properties" amounts to CHFm 4.9 in the financial year 2020 (FY 2019: CHFm 0.1). This result in 2020 was mainly realised with the sale of the Property in St. Margrethen (SG) (CHFm 4.3).

Development Portfolio

in CHFm	FY 2019	FY 2020	Variance	in %
Property Income	10.3	10.9	0.6	5.8%
Revaluation of Properties	–13.9	17.2	31.1	–223.7%
Income from sale of promotion projects	1.4	10.6	9.2	657.1%
Profit from sale of Properties	–	–	–	–
Cloud services income	–	–	–	–
Other operating income	1.1	5.2	4.1	372.7%
Total operating income	**–1.1**	**43.9**	**45.0**	**–4,091%**
Direct expenses from sales of promotion projects	–1.2	–9.1	–7.9	658.3%
Cost of materials	–	–	–	–
Personnel expenses	–3.8	–6.7	–2.9	76.3%
Maintenance and repairs	–32.1	5.2	37.3	–116.2%
Insurance and fees	–0.4	–0.6	–0.2	50.0%
Energy costs and building maintenance	–1.1	–3.1	–2.0	181.8%
General operating expenses	–0.1	–0.1	0.0	0.0%
Office, administrative and development expenses	–1.3	–1.6	–0.3	23.1%
Marketing expenses	–0.0	–0.0	0.0	0.0%
Rent and leases	–0.6	–0.5	0.1	–16.7%
Total operating expenses	**–40.7**	**–16.6**	**24.1**	**–59.2%**
EBITDA	**–41.8**	**27.3**	**69.1**	**–165.3%**
EBITDA before revaluation of Properties	–27.9	10.1	38.0	–136.2%

"Property Income" in the Development Portfolio amounts to CHFm 10.9 in the financial year 2020, an increase of CHFm 0.6 compared to the previous year (FY 2019: CHFm 10.3). A negative impact caused the bankruptcy of Rohner Group (CHFm –2.1), the exit of the tenant Decathlon (CHFm –1.6) and the tenant Meyrin Grand-Puits (CHFm –0.6). The "Property Income" developed positively due to the subsequent effects of the first rental of Meyrin Hive (CHFm 0.7), the subsequent effect of the Faro Foundation (CHFm 0.5) and the subsequent effect of the rental of Binelli (CHFm 0.4).

The largest changes in value in the Development Portfolio were recorded in financial year 2020 for the Property in Cham (ZG) (CHFm 17.6), due to the redesign and optimisation of the projects, the Property in Dornach (SO) (CHFm 3.5), due to the consideration of the newly planned interim use, development project imminent, and the Property in Bussigny (VD) (CHFm 3.0), new acquisition, in particular had a positive impact on the Development Portfolio valuation. The revaluation effect of the Property in Pratteln amounted to CHFm –20.4 in 2019 and was therefore the driver for the "Revaluation of Properties" result of CHFm –13.9 in the financial year 2019.

The result on "Income from sale of promotion projects" of CHFm 1.4 achieved in the financial year 2019 could be increased by CHFm 9.2 to CHFm 10.6 in the financial year 2020. This income was primarily realised with the sales of the Frauenfeld (TG) promotion project. The corresponding "Direct expenses from the sale of promotion projects" amount to CHFm 9.1 (FY 2020) and CHFm 1.2 in financial year 2019.

"Other operating income" amounted to CHFm 5.2 in the financial year 2020, including the income from the sale of production facilities of the Property in Pratteln (BL) (CHFm 5.0) and the construction services of Hive (CHFm 0.8). In the previous financial year, other "Other operating income" amounted to CHFm 1.1.

The expenses for "Maintenance and repairs" amount to CHFm 32.1 in the financial year 2019, whereas income of CHFm 5.2 was recognised in the financial year 2020. In the financial year 2019, one-off expenses were incurred in the "Maintenance and repairs expenses", primarily for the deconstruction and development of the Pratteln (BL) Site, provisions of CHFm 30.0 were recognised, which are included in the "Maintenance and repairs expenses".

In the financial year 2020, the item "Maintenance and repairs" results in income in the amount of CHFm 5.2. With operational measures and the sale of a complete production plant including building, HIAG was able to significantly reduce the total expense for the deconstruction of the Rohner Group Site in Pratteln (BL) compared to the original expectations. As a result, a total of CHFm 8.0 of the estimated provisions were reversed in the financial year 2020.

"Energy costs and building maintenance" increased by CHFm 2.0 to CHFm 3.1 (FY 2020), in the financial year 2019 these amounted to CHFm 1.1. The increase is primarily attributable to areas in Pratteln (BL) (FY 2020: CHFm 2.5 / FY 2019: CHFm –0.4).

Segment Cloud Services

in CHFm	FY 2019	FY 2020	Variance	in %
Cloud services income	0.6	0.1	–0.5	–83.3%
Other operating income	0.1	0.0	–0.1	–100.0%
Total operating income	**0.8**	**0.1**	**–0.7**	**–87.5%**
Personnel expenses	–4.2	–1.9	2.3	–54.8%
Maintenance and repairs	–4.0	–0.8	3.2	–80.0%
Insurance and fees	–0.0	–0.0	0.0	0.0%
Office, administrative and development expenses	–21.3	–0.5	20.8	–97.7%
Marketing expenses	–0.1	–0.0	0.1	–100.0%
Rent and leases	–0.6	–0.2	0.4	–66.7%
Total operating expenses	**–30.2**	**–3.5**	**26.7**	**–88.4%**
EBITDA	**–29.4**	**–3.4**	**26.0**	**–88.4%**
EBITDA before revaluation of Properties	–29.4	–3.4	26.0	–88.4%

In the financial year 2020, the "Cloud Services" segment only generated total operating income of CHFm 0.1. In the previous financial year, total operating income amounted to CHFm 0.8. The reason for the decrease is, on 13 August 2019, the Board of Directors decided to continue the Cloud Services Segment on a non-operational infrastructure basis except for leasing activities of the existing infrastructure, which finally ends on 31 December 2021. As of 17 August 2021 (daily register date), HIAG Data AG, Zurich, the Company's subsidiary that provided services for the "Cloud Services" segment, has been renamed to HIAG Immobilien AG, Zurich, which is exclusively a real estate company. Personnel expenses incurred in the "Cloud Service" segment decreased by CHFm 2.3 from CHFm 4.2 to CHFm 1.9 in the financial year 2020. Furthermore, "Maintenance and repairs expenses" also decreased by CHFm 3.2 to CHFm 0.8 (FY 2019: CHFm 4.0). In the financial year 2019, office, administrative and development expenses amounted to CHFm 21.3. Due to the discontinuation of operations, these expenses decreased by CHFm 20.8 (FY 2019) to CHFm 0.5 (FY 2020).

Segment Others

in CHFm	**FY 2019**	**FY 2020**	**Variance**	**in %**
Other operating income	6.1	7.1	1.0	16.4%
Total operating income	**6.1**	**7.1**	**1.0**	**16.4%**
Cost of materials	–2.0	–3.1	–1.1	55.0%
Personnel expenses	–2.8	–4.8	–2.0	71.4%
Maintenance and repairs	–0.2	–0.4	–0.2	100.0%
Insurance and fees	–0.3	–0.4	–0.1	33.3%
Energy costs and building maintenance	–0.0	–0.1	–0.1	100.0%
General operating expenses	–0.3	–0.2	0.1	–33.3%
Office, administrative and development expenses	–2.7	–3.9	–1.2	44.4%
Marketing expenses	–0.3	–0.2	0.1	–33.3%
Rent and leases	–0.2	–0.4	–0.2	100.0%
Total operating expenses	**–8.8**	**–13.5**	**–4.7**	**53.4%**
EBITDA	**–2.7**	**–6.4**	**–3.7**	**137.0%**
EBITDA before revaluation of Properties	–2.7	–6.4	–3.7	137.0%

The ancillary activities around employee benefits and personnel services are reported in the segment "Other". These activities include fees for services to the pension funds, as well as general human resources functions. All central functions such as the Executive Board and finance as well as the expenses in connection with the Board of Directors are also shown here. General corporate expenses such as auditing costs, capital taxes, etc. are also reported in the "Other" segment. The activities from the metal recycling business of Jaeger et Bosshard SA, Lancy, which was acquired in the financial year 2019, are also included in this segment. Intersegment eliminations for transactions within segments are shown separately.

Revenues from the above activities amount to CHFm 7.1 in the financial year 2020, CHFm 1.0 higher than in the previous financial year (FY 2019: CHFm 6.1). Operating expenses increased from CHFm 8.8 in the financial year 2019 to CHFm 13.5 in the financial year 2020. The increase results from the CHFm 1.2 higher "Office, administrative and development expenses", which amounted to CHFm 3.9 in the financial year 2020 (FY 2019: CHFm 2.7)

Comparison of the six (6) months ended 30 June 2020 and 2021

Overview

The tables below are derived from HIAG's unaudited consolidated semi-annual interim financial statements included or referenced to in this Prospectus as of and for the financial half-year ended 30 June 2021.

	Yielding Portfolio		**Development Portfolio**		**Cloud Services**		**Others**		**Intersegment elimination**		**Group**	
in CHFm	**HY2020**	**HY2021**	**HY2020**	**HY2021**	**HY2020**	**HY2021**	**HY2020**	**HY2021**	**HY2020**	**HY2021**	**HY2020**	**HY2021**
Property Income	24.7	25.5	4.9	5.3	–	–	–	–	–0.1	–0.1	29.5	30.6
Revaluation of Properties	6.8	19.3	10.9	13.0	–	–	–	–	–	–	17.7	32.2
Income from sale of promotion projects	–	–	7.6	–	–	–	–	–	–	–	7.6	–
Profit from sale of Properties	–	1.7	–	–	–	–	–	–	–	–	–	1.7
Other operating income	0.9	0.4	0.2	2.3	0.1	0.0	3.1	4.4	–0.6	–0.2	3.8	6.8
Total operating income	**32.5**	**46.8**	**23.5**	**20.6**	**0.1**	**0.0**	**3.1**	**4.4**	**–0.7**	**–0.4**	**58.5**	**71.4**
Direct expenses from sales of promotion projects	–	–	–6.4	–	–	–	–	–	–	–	–6.4	–
Cost of materials	–	–	–	–	–	–	–1.2	–2.8	–	–	–1.2	–2.8
Personnel expenses	–2.1	–1.6	–3.4	–3.0	–1.7	–0.0	–1.5	–2.3	–	–	–8.7	–7.0
Maintenance and repairs	–2.1	–1.9	–1.5	–0.6	–0.5	–0.0	–0.2	–0.2	–	–	–4.2	–2.7
Insurance and fees	–0.1	–0.1	–0.5	–0.3	–0.0	–	–0.1	–0.0	0.1	–	–0.6	–0.5
Energy costs and building maintenance	–0.4	–0.6	–1.9	0.1	–	–	–0.0	–0.0	–	–	–2.2	–0.5
General operating expenses	–0.1	–0.1	–0.0	–0.0	–	–	–0.1	–0.1	–	–	–0.2	–0.2
Office, administrative and development expenses	–1.3	–1.1	–0.5	–0.8	–0.4	–0.0	–1.8	–1.8	*0.3*	*0.2*	–3.6	–3.5
Marketing expenses	–0.2	–0.2	–0.0	–0.0	–0.0	–	–0.2	–0.1	–	–	–0.4	–0.4
Rent and leases	–0.3	–0.2	–0.4	–0.5	–0.1	–0.1	–0.2	–0.2	*0.2*	*0.1*	–0.8	–0.9
Total operating expenses	**–6.5**	**–5.7**	**–14.7**	**–5.3**	**–2.7**	**–0.2**	**–5.3**	**–7.6**	**0.7**	**0.4**	**–28.5**	**–18.4**
EBITDA	**19.7**	**41.0**	**15.2**	**15.3**	**–2.7**	**–0.2**	**–2.2**	**–3.2**	**–**	**–**	**30.0**	**52.9**
EBITDA before revaluation of Properties	19.2	21.8	–2.0	2.3	–2.7	–0.2	–2.2	–3.2	–	–	12.3	20.7

Yielding Portfolio

in CHFm	HY 2020	HY 2021	Variance	in %
Property Income	24.7	25.5	0.8	3.2%
Revaluation of Properties	6.8	19.3	12.5	183.8%
Income from sale of promotion projects	–	–	–	–
Profit from sale of Properties	–	1.7	1.7	100%
Cloud services income	–	–	–	–
Other operating income	0.9	0.4	–0.5	–55.6%
Total operating income	**32.5**	**46.8**	**14.3**	**44.0%**
Direct expenses from sales of promotion projects	–	–	–	–
Cost of materials	–	–	–	–
Personnel expenses	–2.1	–1.6	0.5	–23.8%
Maintenance and repairs	–2.1	–1.9	0.2	–9.5%
Insurance and fees	–0.1	–0.1	–	0.0%
Energy costs and building maintenance	–0.4	–0.6	–0.2	50.0%
General operating expenses	–0.1	–0.1	–	0.0%
Office, administrative and development expenses	–1.3	–1.1	0.2	–15.4%
Marketing expenses	–0.2	–0.2	–	0.0%
Rent and leases	–0.3	–0.2	0.1	–33.3%
Total operating expenses	**–6.5**	**–5.7**	**0.8**	**–12.3%**
EBITDA	**19.7**	**41.0**	**21.3**	**108.1%**
EBITDA before revaluation of Properties	19.2	21.8	2.6	13.5%

In the first half year 2021, the “Property Income” of CHFm 25.5 exceeded the previous half year’s “Property Income” by CHFm 0.8 (HY 2020: CHFm 24.7). One of the drivers of the higher “Property Income” is the improved vacancy rate in the Yielding Portfolio, which has decreased to 9.7 percent as of June 2021 from 13.0 percent as of December 31, 2020. The main drivers of the increase are the lease agreements concluded in the first half of 2021, lagging effects from new leases in the second half of the financial year 2020 and Property Income from completed development projects. The Property Income received from the Properties acquired in the first half of 2021 compensates for the discontinuation of the building lease rent from the Property in St. Margrethen (SG), sold in the second half of 2020.

At CHFm 0.2 (HY 2020: CHFm 0.5), the impact of the COVID-19 pandemic on the “Property Income” received in the first half year 2021 is low. The vacancy rate in the Yielding Properties was 9.7 percentage as of 30 June 2021 (31 December 2020: 13.0 percentage points). This development is primarily based on new leases in Aesch (BL), Biberist (SO), Birsfelden (BL), Dornach (SO), Frauenfeld (TG), Klingnau (AG), Kleindöttingen (AG), Niederhasli (ZH), Wetzikon (ZH) and Windisch (AG) as well as the completion of the project in Niederhasli (ZH) and the acquisition in Buchs (AG).

In the first half of 2021, the positive effect from revaluations of Properties amounted to CHFm 19.3, as compared to a gain of CHFm 6.8 in the six (6) months period as of June 2021. The largest net changes in value in the Yielding Portfolio after adjustment of the provision for environmental risks occurred in the first half of 2021 at the Properties in Buchs (AG) (CHFm 6.7, acquired in the half year 2021), Brunegg (AG) (CHFm 6.7 due to a new rental agreement), Cham (ZG) (CHFm 3.3, due to reduction of structural vacancy rate and operational costs due to the letting situation, adjustment of the discount rate to the current market conditions), Meyrin (GE) (CHFm –0.9), Birsfelden (BL) (CHFm –0.9, due to increase of structural vacancy rate and reduction of rental potential) and Carouge (VD) (CHFm –0.9).

The weighted discount rate across the entire Investment Properties Portfolio (Yielding and Development Portfolio) decreased slightly to 3.64% as of June 30, 2021 (31 December 2020: 3.73%)

The disposal of a Property in Aathal (ZH) and a Property in Wetzikon (ZH) resulted in a gain of CHFm 1.7 in the first half of 2021 (HY 2020: CHFm 0.0)

"Other operating income" contains all revenues that cannot be allocated to another revenue category. Therefore, the position consists of one-off effects and non-recurring revenue items. Income included in "Other operating income" amounted to CHFm 0.4 in the first half of 2021 and CHFm 0.9 in the first half of 2020.

"Total operating expenses" for the first half of 2021 amounted to CHFm 5.7, a decrease of CHFm 0.8 compared to the "Total operating expenses" as of 30 June 2020 (CHFm 6.5). The highest reduction was achieved in "Personnel expenses" (decrease of CHFm 0.5), which amounted to CHFm 1.6 as of 30 June 2021. There were no significant changes in "Maintenance and repairs expenses", "Insurance and fees expenses", "Energy costs and building maintenance expenses", "General operating expenses", "Office, administrative and development expenses", "Marketing expenses" and "Rent and leases expenses" compared to the half year 2020.

Development Portfolio

in CHFm	HY 2020	HY 2021	Variance	in %
Property Income	4.9	5.3	0.4	8.2%
Revaluation of Properties	10.9	13.0	2.1	19.3%
Income from sale of promotion projects	7.6	–	–7.6	–100.0%
Profit from sale of Properties	–	–	–	–
Cloud services income	–	–	–	–
Other operating income	0.2	2.3	2.1	1,050.0%
Total operating income	**23.5**	**20.6**	**–2.9**	**–12.3%**
Direct expenses from sales of promotion projects	–6.4	–	6.4	–100.0%
Cost of materials	–	–	–	–
Personnel expenses	–3.4	–3.0	0.4	–11.8%
Maintenance and repairs	–1.5	–0.6	0.9	–60.0%
Insurance and fees	–0.5	–0.3	0.2	–40.0%
Energy costs and building maintenance	–1.9	0.1	2.0	–105.3%
General operating expenses	–0.0	–0.0	–0.0	–0.0%
Office, administrative and development expenses	–0.5	–0.8	–0.3	60.0%
Marketing expenses	–0.0	–0.0	–0.0	–0.0%
Rent and leases	–0.4	–0.5	–0.1	25.0%
Total operating expenses	**–14.7**	**–5.3**	**9.4**	**–63.9%**
EBITDA	**15.2**	**15.3**	**0.1**	**0.7%**
EBITDA before revaluation of Properties	–2.0	2.3	4.3	–215.0%

In the first half year 2021, the "Property Income" of CHFm 5.3 exceeded the previous half year's "Property Income" by CHFm 0.4 (HY 2020: CHFm 4.9). "Property Income" increased due to the completion of projects, which also compensated for the slightly higher vacancy rate. The higher vacancy rate of Development Properties is linked to tenant departure in Aigle and to the completion of the project "Doka" in Niederhasli during half year 2021.

In the first half of 2021, the positive effect from revaluations of Properties amounted to CHFm 13.0 (HY 2020: CHFm 10.9). The main net changes in the Development Portfolio result from the Property in Altstetten (ZH) (CHFm 3.4, due to project update and project start got closer), Winterthur (ZH) (CHFm 2.4, acquired in the half year 2021), Cham (ZG) (CHFm 1.9, project start got closer and adjustment of the discount rate to the current market conditions), Solothurn (SO) (CHFm 1.8, acquired in the half year 2021), Vernier (GE) (CHFm –1.5, due to expiration of building permit), Niederhasli (ZH) (CHFm –1.0, due to postponement of the centre development project start). The revaluation effect also includes the recognition of additional provisions for environmental risks. In the first half of 2021, these environmental risk provisions increased by CHFm 1.0 due to new analysis related to development projects and project start gets closer.

The weighted discount rate across the entire Investment Properties Portfolio (Yielding and Development Portfolio) decreased slightly to 3.64% as of June 30, 2021 (31 December 2020: 3.73%)

As of 30 June 2020, income was recognised from the sale of promotion projects (CHFm 7.6). This resulted mainly from the sale of the promotion project Property in Frauenfeld (TG) (CHFm 6.0). In this period, direct expenses from sales of promotion projects of CHFm 6.4 incurred, in particular with the disposal of the promotion project Property in Frauenfeld (TG). In the first half of 2021, no expenses or income were recorded in the field of promotion projects.

"Other operating income" contains all revenues that cannot be allocated to another revenue category. Therefore, the position consists of one-off effects and non-recurring revenue items. "Other operating income" as of 30 June 2021 (CHFm 2.3 / HY 2020: CHFm 0.2) primarily includes the sale of a production plant at the Pratteln (BL) Site (HY 2021: CHFm 1.9 / HY 2020: CHFm 0.0).

"Personnel expenses" decreased from CHFm 3.4 in half year 2020 to CHFm 3.0 in the first half of 2021. The reductions could be achieved because the number of project employees at the Pratteln (BL) Site could be reduced due to the progress made in the dismantling project.

Furthermore, the "Maintenance and repair" expenses (HY 2021: CHFm 0.6 / HY 2020: CHFm 1.5) and "Energy costs and building maintenance" expenses (HY 2021: income amounted to CHFm 0.1 / HY 2020: expenses amounted to CHFm 1.9) were lower due to the progress of the deconstruction project in Pratteln (BL).

The EBITDA contribution of the Pratteln (BL) Site amounted to CHFm 1.7 as of 30 June 2021 (HY 2020: CHFm –2.7). This affected the following items as of the reporting date: "Property Income" CHFm 0.1 for interim use (HY 2020: CHFm 0.0); "Other operating income" CHFm 1.9 (HY 2020: CHFm 0.3) related to the sale of the production facility; "Maintenance and repairs" CHFm –0.1 (HY 2020: CHFm –0.8); "Energy costs and building maintenance" CHFm 0.3 (HY 2020: CHFm –1.2); and "Personnel expenses" CHFm –0.5 (HY 2020: CHFm –1.6).

Segment Cloud Services

in CHFm	HY 2020	HY 2021	Variance	in %
Cloud services income	0.1	–	–0.1	–100.0%
Other operating income	0.0	0.0	0.0	0.0%
Total operating income	**0.1**	**0.0**	**–0.1**	**–100.0%**
Personnel expenses	–1.7	–0.0	1.7	–100.0%
Maintenance and repairs	–0.5	–	0.5	–100.0%
Office, administrative and development expenses	–0.4	–0.0	0.4	–100.0%
Rent and leases	–0.1	–0.1	0.0	0.0%
Total operating expenses	**–2.7**	**–0.2**	**2.5**	**–92.6%**
EBITDA	**–2.7**	**–0.2**	**2.5**	**–92.6%**
EBITDA before revaluation of Properties	–2.7	–0.2	2.5	–92.6%

On 13 August 2019, the Board of Directors decided to continue the "Cloud Services" segment on a non-operational basis except for the leasing activities of the existing infrastructure, which finally ends on 31 December 2021. As of 17 August 2021 (daily register date), HIAG Data AG, Zurich, the Company's subsidiary that provided services for the "Cloud Services" segment, has been renamed to HIAG Immobilien AG, Zurich, which is exclusively a real estate company. For reasons of transparency, this segment is still reported separately. For the "Cloud Services" segment, the item "Maintenance and repairs" comprises the operating costs for data centres. The item "Rent and leases" includes rent for office space in Wallisellen (ZH). As a result of this decision, the result of the "Cloud Services" segment in the first half of 2021 was CHFm –0.2 compared to the first half of 2020 (CHFm –2.7).

Segment Others

in CHFm	HY 2020	HY 2021	Variance	in %
Other operating income	3.1	4.4	1.3	41.9%
Total operating income	**3.1**	**4.4**	**1.3**	**41.9%**
Cost of materials	–1.2	–2.8	–1.6	133.3%
Personnel expenses	–1.5	–2.3	–0.8	53.3%
Maintenance and repairs	–0.2	–0.2	0.0	0.0%
Insurance and fees	–0.1	–0.0	0.1	–100.0%
General operating expenses	–0.1	–0.1	0.0	0.0%
Office, administrative and development expenses	–1.8	–1.8	0.0	0.0%
Marketing expenses	–0.2	–0.1	0.1	–50.0%
Rent and leases	–0.2	–0.2	0.0	0.0%
Total operating expenses	**–5.3**	**–7.6**	**–2.3**	**43.4%**
EBITDA	**–2.2**	**–3.2**	**–1.0**	**45.5%**
EBITDA before revaluation of Properties	–2.2	–3.2	–1.0	45.5%

The ancillary activities employee benefits and personnel services are reported in the segment "Other". These activities include fees for services to the pension funds, as well as general human resources functions. All central functions such as the Executive Board and finance as well as the expenses in connection with the Board of Directors are also shown here. General corporate expenses such as auditing costs, capital taxes, etc. are also reported in the "Other" segment. The activities from the metal recycling business of Jaeger et Bosshard SA, Lancy, which was acquired in the financial year 2019 year for the purpose of land consolidation in Geneva-Lancy, are also included in this segment. Intersegment eliminations for transactions within segments are shown separately.

Amortisation

If there are indications that the value of an asset is impaired, an impairment test is performed. If the test shows that the carrying amount is higher than the recoverable amount (higher of value in use or market value), the carrying amount is written down to the recoverable amount with an effect on income.

Comparison of financial years ended 31 December 2020 and 31 December 2019

Following the decision of the Board of Directors on 13 August 2019 to discontinue the Cloud Services business model, the entire multicloud infrastructure in the amount of CHFm 40.1 was impaired as of 31 December 2019. For this reason, there is no further depreciation for the multicloud infrastructure in the financial year 2020.

Comparison of the six (6) months periods ended 30 June 2021 and 2020

In the first half of the financial year 2021, amortisation of CHFm 0.2 was made on the item "Other Property, Plant and Equipment" and is therefore unchanged compared to the same period of the previous year (HY 2020: CHFm 0.2).

Financial results

This chapter consists of interest income, interest expenses, translation differences, gains and losses on securities and other financial expenses and income.

Comparison of financial years ended 31 December 2019 and 31 December 2020

in CHFm	FY 2019	FY 2020
Securities income	0.0	–
Exchange rate gains	0.0	0.0
Other financial income[1]	0.3	1.0
Financial income from the sale of financial assets	0.8	–
Total	**1.2**	**1.0**

[1] *Including "Securities income" and "Exchange rate gains"*

Financial income amounted to CHFm 1.2 in the financial year 2019, which is attributable to the liquidation surplus of CHFm 0.8 from the liquidation of Energie Biberist AG, Biberist. Further financial income in the amount of CHFm 0.3 was considered regarding the amortisation between the received equivalent and the repayment amount of the Bonds (as defined below) in the reporting year.

As part of the acquisition of Jaeger et Bosshard SA, Lancy, in the financial year 2019, a purchase price adjustment was agreed with the former owner, whereby the effectively generated cumulative actual result for the financial years 2019 to 2023 should reach a value defined in advance. The financial year 2020 assessment showed that the defined value will be undercut over the entire period. As a result, a long-term receivable in the amount of CHFm 0.6 was capitalised and recognised in financial income.

in CHFm	FY 2019	FY 2020
Interest expenses from bank financing	–1.5	–1.4
Interest expenses bond	–5.4	–5.9
Bank fees and bank interest	–0.3	–0.2
Impairment of financial assets	–0.8	–1.6
Other interest expenses[1]	–0.6	–0.5
Total	**–8.7**	**–9.6**

[1] *Including "Bank fees and bank interests" and "Exchange rate losses".*

In the financial year 2020, financial expenses increased by CHFm 0.9 to CHFm 9.6 compared to the previous financial year. The largest items included therein in the financial year 2020 (and FY 2019) are interest expenses from bank financing of CHFm 1.4 (FY 2019: CHFm 1.5), interest expenses bond of CHFm 5.9 (FY 2019: CHFm 5.4) and impairment of financial assets of CHFm 1.6 (FY 2019: CHFm 0.8).

The average interest rates paid for bank liabilities came to 1.0% in the financial year 2020 (FY 2019: 0.9%). The fluctuation corridor for interest rates was between 0.5% and 2.9% in the financial year 2020 (FY 2019: between 0.5% and 3.4%). The position "Impairment of financial assets" contains the impaired of two loans to third parties in the amount of CHFm 1.6 (FY 2019: CHFm 0.8). The entire loan amount was fully impaired in the financial year 2020.

Comparison of the six (6) months ended 30 June 2020 and 2021

in CHFm	HY 2020	HY 2021
Interest expenses from bank financing	–0.7	–0.8
Interest expenses bond	–3.0	–3.0
Impairment of financial assets	–0.1	–1.9
Other interest expenses[1]	–0.2	–0.2
Total	**–4.0**	**–5.9**

[1] *Including "Bank fees and bank interests" and "Exchange rate losses".*

The average interest rate paid on bank debt was 0.9% in HY 2021 (HY 2020: 0.9%). The fluctuation corridor for interest rates was between 0.2% and 2.9% in HY 2021 (HY 2020: between 0.5% and 3.4%).

The position “Impairment of financial assets” contains the impairment of a loan granted to third parties in the reporting period in the amount of CHFm 1.9 in HY 2021 (HY 2020: CHFm 0.1). The entire loan amount was fully impaired in the reporting period, as repayment by the borrower is unlikely at the present time or the financial situation of the counterparty has been classified as critical.

No significant financial income was received in the first half years of the financial years 2021 and 2020 (HY 2021: CHFm 0.3 / HY 2020: CHFm 0.2).

Income taxes

Income taxes comprise current income taxes and deferred taxes.

Comparison of financial years ended 31 December 2020 and 31 December 2019

in CHFm	FY 2019	FY 2020
Income taxes	–0.3	–1.9
Deferred taxes	15.2	–4.4
Capitalisation of tax losses carried forward	0.5	0.7
Use of capitalised tax losses carried forward	–0.3	–0.5
Total	**15.1**	**–6.1**

In the financial year 2020, provisions for deferred taxes of CHFm 4.4 were created (FY 2019: release of CHFm 15.2). The formation of the provision in the financial year 2020 was mainly related to the positive change in value from the revaluation of real estate investments. The reversal of the provision in the financial year 2019 was mainly related to the cantonal tax rate reductions (CHFm 10.3) and the negative change in value from the revaluation of real estate investments in the financial year 2019.

Comparison of the six (6) months ended 30 June 2020 and 2021

in CHFm	HY 2020	HY 2021
Income taxes	0.1	–0.1
Deferred taxes	–3.9	–4.4
Capitalisation of tax losses carried forward	0.4	0.0
Use of capitalised tax losses carried forward	–0.5	–0.7
Total	**–3.9**	**–5.1**

In the first half of 2021, provisions for deferred taxes of CHFm 4.4 were recognised (HY 2020: CHFm 3.9). The creation of the provision in first half-years of the financial years 2020 and 2021 was mainly related to the positive change in value from the revaluation of real estate investments.

Assets and liabilities

The following table shows the Group's consolidated balance sheet for the financial years ended 31 December 2019 and 2020 and the consolidated balance sheet for the first six (6) months ended 30 June 2020 and 2021.

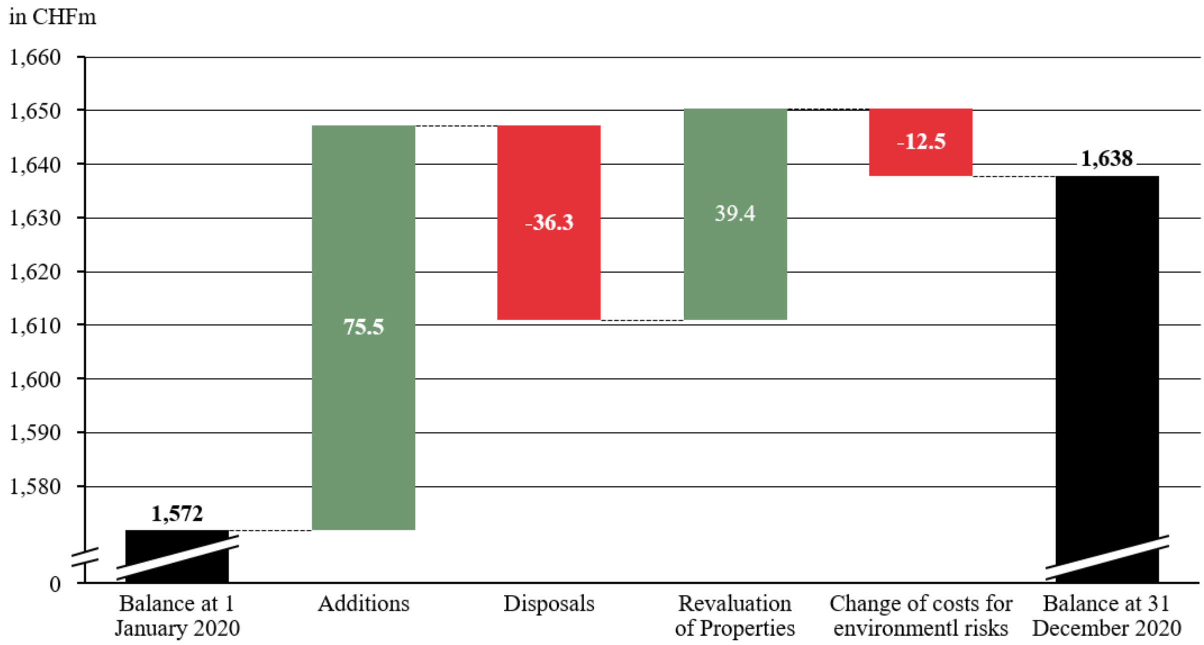
	Audited, for the year ended 31 December		**Not audited, for the six-months period ended 30 June**	
in CHFm	**2019**	**2020**	**2020**	**2021**
Cash and cash equivalents	23.9	19.7	21.5	26.4
Trade receivables	5.3	3.4	8.4	3.5
Other current assets	15.4	14.4	16.9	14.2
Properties held for sale	8.6	29.4	30.1	30.8
Current assets	**53.3**	**66.9**	**76.9**	**74.8**
Investment Properties	1,563.0	1,608.4	1,592.5	1,749.9
Financial assets	7.7	10.0	10.5	9.9
Other non-current assets	4.6	6.1	6.4	5.7
Non-current assets	**1,575.3**	**1,624.5**	**1,609.5**	**1,765.5**
Total assets	**1,628.6**	**1,691.4**	**1,686.4**	**1,840.3**
Current financial liabilities	7.9	139.3	8.1	194.6
Other current liabilities	55.9	40.3	60.0	40.7
Non-current financial liabilities	823.4	677.4	847.4	739.7
Deferred taxes	68.7	73.1	72.6	80.0
Other non-current liabilities	0.7	0.1	3.8	0.2
Liabilities	956.6	930.3	991.9	1'055.3
Share capital	8.1	8.4	8.1	8.4
Capital reserves	7.9	39.9	7.8	30.2
Treasury shares	–6.1	–5.2	–5.7	–4.5
Retained earnings	662.2	718.0	684.3	750.9
Shareholders' equity	**672.1**	**761.1**	**694.4**	**785.0**
Total liabilities and equity	**1,628.6**	**1,691.4**	**1,686.4**	**1,840.3**

Cash and cash equivalents

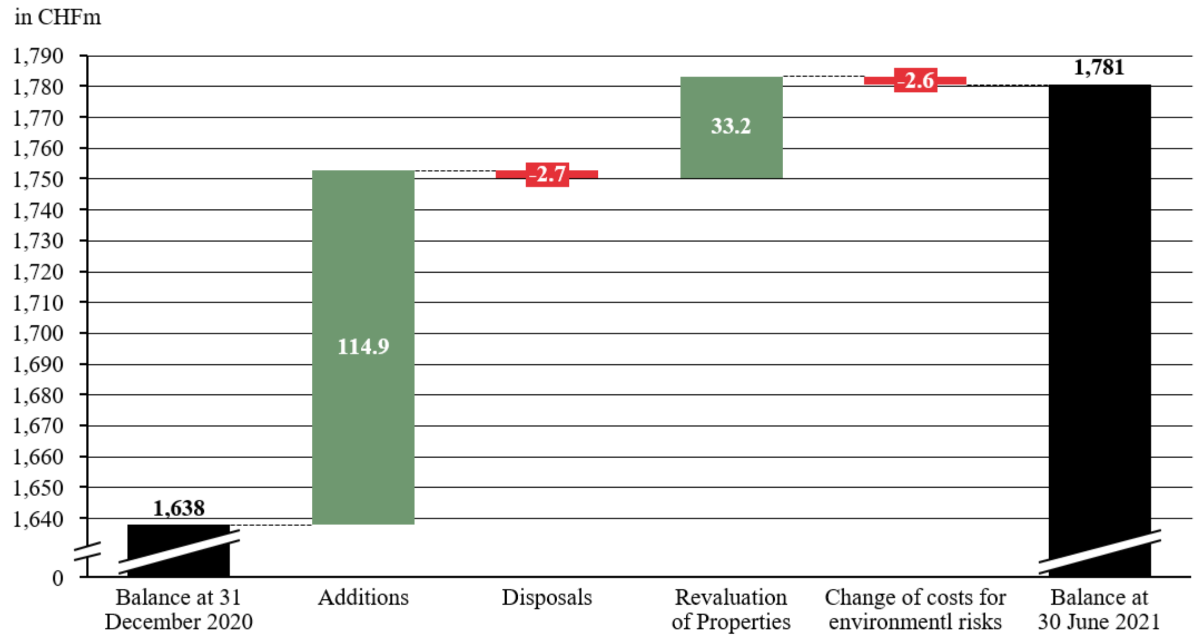
For the analysis and explanation on change in Cash and cash equivalents, see " – *Cash flow*".

Investment Properties

The following chart shows the key drivers of the Investment Properties from 1 January 2020 to 31 December 2020 over the last financial year.



The following chart shows the key drivers of the Investment Properties from 31 December 2020 to 30 June 2021 over the last financial year.



Comparison of financial years ended 31 December 2019 and 31 December 2020

As of 31 December 2020, the value of our Investment Properties Portfolio increased by CHFm 45.5 to CHFb 1.6, compared to the value of our Investment Properties Portfolio of CHFb 1.6 as of 31 December 2019. The increase is mainly due to the positive revaluation effect in the amount of CHFm 27.0. This relates primarily due to the occupancy rate increase, the progress in the development projects and the acquisition of Bussigny (VD).

Concerning Investment Properties in operation, a positive contribution was made in particular by the Property in Wetzikon (ZH) (CHFm 6.0) due to completion of the residential project with full occupancy and costs below budget, adjustment of the discount rate to current market conditions and overall better rental situation, the Property in Cham (ZG) (CHFm 5.9), increase of occupancy rate and adjustment of the discount rate to the current market conditions), and the Property in Goldach (SG) (CHFm 1.3), adjustment of the land discount rate to the current market conditions).

Concerning Development Portfolio, the Property in Cham (ZG) (CHFm 17.6), due to the redesign and optimisation of the projects, the Property in Dornach (SO) (CHFm 3.5), due to the consideration of the newly planned interim use, development project is approaching, and the Property Bussigny (VD) (CHFm 3.0), new acquisition, in particular had a positive impact on the Investment Properties Portfolio valuation.

The environmental risk had a negative impact on the Investment Properties Portfolio. New systematic screening for potential environmental pollution provided in the first half-year 2020, resulted in additional provisions of CHFm 12.4 related to technical or legal changes.

Properties for sale amount to CHFm 29.4 as of 31 December 2020, which is more than the comparable period (FY 2019: CHFm 8.6). In the financial year 2020, this was a promotion project in Cham (ZG) and in the previous year a promotion project in Frauenfeld (TG).

Comparison of the year ended 31 December 2020 and six (6) months ended 30 June 2020

As of 30 June 2021, HIAG's entire Investment Properties Portfolio consisted of 118 Properties (31 December 2020: 116 Properties)

The Investment Properties Portfolio's value increased by 8.7% to CHFb 1.8 in the first half year of 2021 (31 December 2020: CHFb 1.6), due to the acquisitions in Buchs (AG) (CHFm 53.0), Solothurn (SO) (CHFm 19.6) and Winterthur (ZH) (CHFm 15.1) with a cumulative Property acquisition value of CHFm 87.7. Further investments amounting to CHFm 27.2 were made in 30 other Properties in the Investment Properties Portfolio. The largest investments were made in Meyrin (GE) (CHFm 8.4), Dietikon (ZH) (CHFm 6.9), Niederhasli (ZH) (CHFm 4.4) and Cham (ZG) (CHFm 3.0).

Disposals of CHFm 2.7 relate to the sale of a Property in Aathal (ZH) (CHFm 2.1) and a single-family house in Wetzikon (ZH) (CHFm 0.7).

Furthermore, the impact of the valuation on the total increase of the Portfolio amounts to CHFm 30.6 less the value adjustment for environmental risks, which makes 1.9% of the above mentioned Investment Properties Portfolio value increase of 8.7%.

The reassessment of the environmental risk had a negative impact on the Investment Properties Portfolio. The additional costs to be expected due to environmental risks were analysed based on historical and technical studies and taken into account with an amount of CHFm 58.6 (31 December 2020: CHFm 56.0) as of the balance sheet date. Consequently, these have led to an increase in deductions for environmental risks of CHFm 2.6 in HY 2021, of which CHFm 1.0 is recognised in profit or loss and CHFm 1.6 is recognised directly in equity as part of the acquisitions (HY 2020: increase in deductions of CHFm 4.5 recognised in profit or loss). A discount rate of 2.0% was applied as of 30 June 2021 (31 December 2020: 2.0%).

As of 30 June 2021, the promotion projects amounted to CHFm 30.8 (31 December 2020: CHFm 29.4). In both periods, the position is primarily related to the promotion project in Cham (ZG).

Financial liabilities

Financial liabilities to be repaid within a period of 12 months are disclosed under current financial liabilities and comprise planned amortisation. All liabilities without a defined term are shown in non-current liabilities. Usually, financial liabilities are backed by the underlying Properties associated with the financing. The strategic positioning relating to the duration of the fixed interest rate is discussed quarterly during the Board of Directors' meeting.

Comparison of financial years ended 31 December 2019 and 31 December 2020

in CHFm	FY 2019	FY 2020
Current liabilities to banks	2.4	35.0
Current leasing liabilities	5.5	4.2
Current bonds	–	100.0
Total current liabilities	**7.9**	**139.3**
Non-current liabilities to banks	179.2	137.4
Non-current bonds	640.0	540.0
Non-current leasing liabilities	4.2	–
Total non-current liabilities	**823.4**	**677.4**
Total	**831.3**	**816.7**

In the reporting year 31 December 2020, CHFm 33.6 of bank liabilities were reclassified to current bank liabilities, as these expire within the next 12 months and have not yet been extended as of 31 December 2020. Most of the bank liabilities will be extended. The bank liabilities are secured by mortgages. The short-term bond expired on 1 July 2021.

Long-term bank liabilities were repaid through the capital increase carried out in the reporting year 31 December 2020 and the proceeds from the sale of the building lease plot in St. Margrethen.

The loan-to-value ratio ([cash and cash equivalents + financial liabilities] / Property value) was 48.7% as of 31 December 2020 (FY 2019: 51.4%) and the loan-to-value ratio at market value (bank liabilities / Property value) was 10% in the financial year 2020 (FY 2019: 11%). The average interest rate for financial liabilities was 0.9% in the financial year 2020 (FY 2019: 0.9%).

Comparison of the six (6) months ended 30 June 2021 and year ended 31 December 2020

in CHFm	FY 2020	HY 2021
Current liabilities to banks	35.0	92.6
Current leasing liabilities	4.2	1.4
Current bonds	100.0	100.0
Current financial liabilities from interest rate swap hedges	–	0.5
Total current financial liabilities	**139.3**	**194.6**
Non-current liabilities to banks	137.4	199.1
Non-current bonds	540.0	540.0
Non-current financial liabilities from interest rate swap hedges	–	0.6
Total non-current financial liabilities	**677.4**	**739.7**
Total	**816.7**	**934.3**

Current financial liabilities include those financings which are due within the next 12 months. With the surplus of the bond, which was placed on 1 July 2021, bank financing in the amount of CHFm 56.0 were repaid on 2 July 2021, which is included in current liabilities to banks as of 30 June 2021.

Financing with a remaining maturity of more than one (1) year as of the reporting date is recorded under "non-current financial liabilities". Most of the bank financing is secured by mortgages.

The loan-to-value ratio ([cash and cash equivalents + financial liabilities] / Property value) was 51.0% as of 30 June 2021 (31 December 2020: 48.7%) and the loan-to-value ratio at market value (bank liabilities / Property value) was 16.5% (31 December 2020: 10.2%).

The average interest rate for financial liabilities was 0.9% in the reporting period (HY 2020: 0.9%).

Through the acquisition of K-Buchs S.à.r.l., Luxembourg, HIAG took over a derivative financial instrument (interest rate swaps) to hedge the interest rate risks of this subsidiary. The hedged mortgage (underlying transaction) in the amount of CHFm 25.2 is included in non-current liabilities to banks. Due to the lack of correlation between the hedging transaction and the underlying transaction, the negative replacement value was recognised as a current and non-current financial liability from interest rate swap hedging. The current interest payments from the underlying transaction and the hedging transaction are recognised in the financial result.

Deferred Tax

Comparison of the year ended 31 December 2020 and the six (6) months ended 30 June 2021

in CHFm	FY 2020	HY 2021
Deferred tax liabilities as of 1 January	68.7	73.1
Changes in the scope of consolidation	–	2.5
Net increase recognised through profit or loss	4.4	4.4
Net increase resolution through profit or loss	–	–
Total	**73.1**	**80.0**

The provisions for deferred taxes are discounted with a discount rate of 2.0% as of 30 June 2021 (FY 2020: 2.0%). The formation of the provision mainly consists of the positive change in value from revaluation of real estate investments in the reporting year. The changes in the scope of consolidation are related to the acquisition of the company K-Buchs S.à.r.l., Luxembourg 2021.

Deferred taxes are primarily driven by valuation differences between Fair Values and the tax-based valuations of the Investment Properties. A remaining holding period is estimated for each Property when calculating the deferred taxes for the Investment Properties. The estimated holding period of the Investment Properties is defined as 30 years. The tax rates used are those currently applicable or expected at the balance sheet date. Provisions for deferred taxes are discounted with a discount rate of 2.0% as of 30 June 2021 (FY 2020: 2.0%).

The changes in the scope of consolidation are related to the acquisition of the company K-Buchs S.à.r.l., Luxembourg 2021.

Comparison of financial years ended 31 December 2019 and 31 December 2020

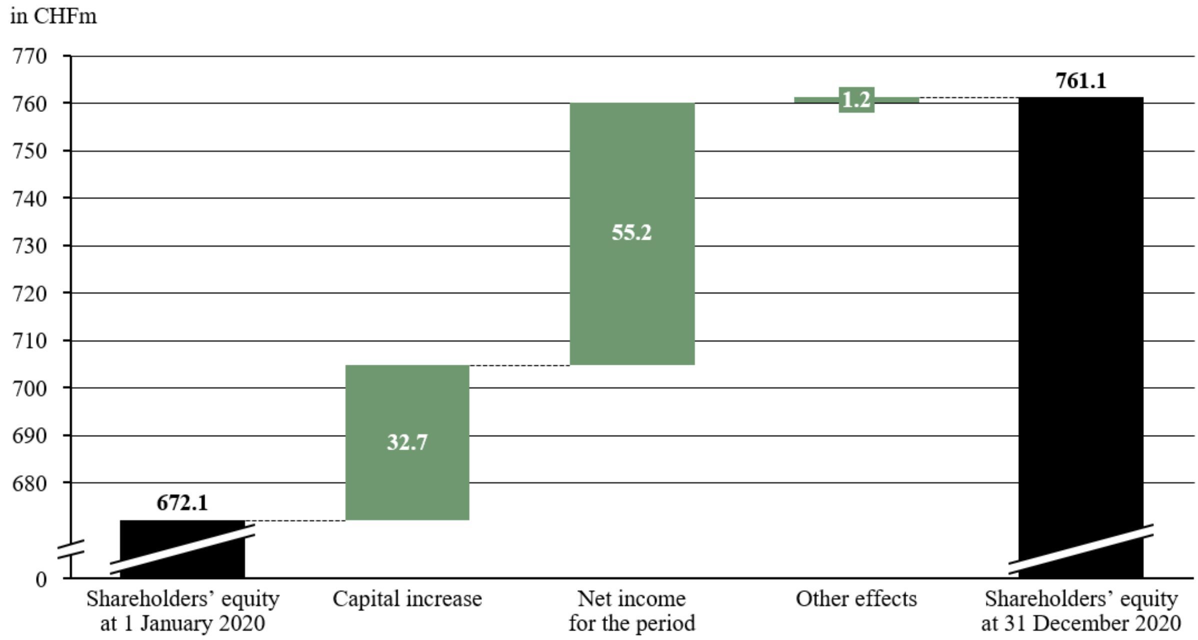
in CHFm	FY 2019	FY 2020
Deferred tax liabilities as of 1 January	82.9	68.7
Changes in the scope of consolidation	1.0	–
Net increase recognised through profit or loss	–	4.4
Net decrease resolution through profit or loss	–15.2	–
Total	**68.7**	**73.1**

Deferred taxes are primarily driven by valuation differences between fair values and the tax-based valuations of the Investment Properties. A remaining holding period is estimated for each Property when calculating the deferred taxes for Investment Properties. The estimated holding period of the Investment Properties is defined as 30 years. The tax rates used are those currently applicable or expected at the balance sheet date.

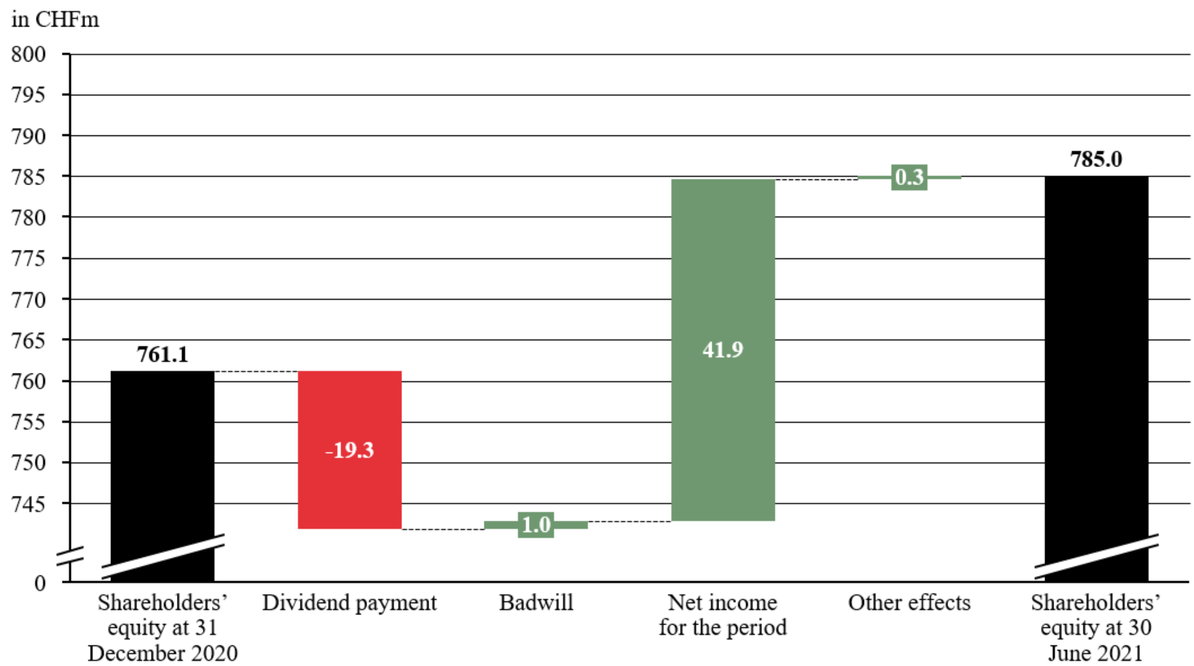
The provisions for deferred taxes are discounted with a discount rate of 2.0% as of 31 December 2020 (FY 2019: 2.0%).

Shareholders' equity

The following chart shows the change in equity as of 01 January 2020 to 31 December 2020.



The following chart shows the change in equity as of 31 December 2020 to 30 June 2021.



In the financial year 2021, a dividend of CHFm 19.3 was paid out from own shares (CHFm 9.6) and retained earnings (CHFm 9.6). In the previous financial year, a dividend payment was waived due to the negative consolidated annual result for the financial year 2019.

The "Other effects" shown in the chart above include share-based compensation programs and the purchase of own shares.

Cash flow

The following table shows the Group's consolidated statement of cash flow statement for the years ended 31 December 2019 and 2020, and the consolidated statement of cash flows for the six-month period ended 30 June 2020 and 2021, based on the consolidated financial statements.

in CHFm	Audited, for the year ended 31 December 2019[(1)]	2020	Not audited, for the six-months period ended 30 June 2020[(2)]	2021
Net income for the period incl. minority interests	–71.4	55.2	22.1	41.9
Cash flow from operating activities	5.1	16.4	9.0	14.2
Cash flow from investment activities	–111.6	–39.3	–36.0	–80.2
Cash flow from financing activities	96.0	18.7	24.5	72.7
Currency effects	–0.1	–0.0	–0.0	0.0
Increase/decrease in cash and cash equivalents	–10.6	–4.2	–2.5	6.7

(1) *Restated: The changes from promotion projects in 2019 were reclassified from "cash flow from investing activities" to "cash flow from operating activities". The "cash flow from operating activities" in 2019 was CHFm 3.1 and the "cash flow from investing activities" was CHFm –109.6. This adjustment has no impact on the change in cash and cash equivalents.*

(2) *Restated: The changes from promotion projects in the first half of 2020 were reclassified from "cash flow from investing activities" to "cash flow from operating activities". The "cash flow from operating activities" in the first half of 2020 was CHFm 2.4 and the "cash flow from investing activities" was CHFm –29.4. This adjustment has no impact on the change in cash and cash equivalents.*

Cash flow from operating activities

Comparison of financial years ended 31 December 2019 and 2020

"Cash flow from operating activities" improved from CHFm 5.1 in the previous financial year to CHFm 16.4 in the financial year 2020.

One of the main drivers of the change in operating cash flow is the change in other liabilities. In the financial year 2020, other liabilities decreased by CHFm 18.2, but increased by CHFm 24.6 in the financial year 2019. The reason is, in the financial year 2019 a short-term provision for the dismantling of the production infrastructure and the development of the Site in Pratteln (BL) in the amount of CHFm 30.0 was recognised (bankruptcy of Rohner Group).

As of 31 December 2020, CHFm 10.4 of the current provisions were used for work performed. Furthermore, operational measures and the sale of the production facilities reduced the amount of the necessary provision by another CHFm 8.0.

The total income from sale of assets results from the sale of the infrastructure and production plant from the Pratteln (BL) Site in the amount of CHFm 5.1 in the financial year 2020.

Furthermore, operating cash flow is affected by the valuation of real estate, which was from CHFm 18.9 in the financial year 2019 and CHFm –27.0 in the financial year 2020. The main drivers of the negative change in valuation in the financial year 2020 were the Sites in Dietikon (ZH), Niederhasli (ZH), Klingnau (AG), Frauenfeld (TG), Meyrin (GE) and Biberist (SO) with a total decrease in value of CHFm –13.7.

In addition, depreciation decreased by CHFm 40.1 to CHFm 0.4 in 2020 compared to 2019. This decrease is due to the depreciation of the infrastructure of the Cloud Business with CHFm 40.5 in 2019.

Comparison of the six (6) months ended 30 June 2020 and 2021

The increase in "Cash flow from operating activities" of CHFm 5.2, or 57.8%, from CHFm 9.0 in the six (6) months period ended 30 June 2020 to CHFm 14.3 in the six (6) months period ended 30 June 2021 was due to higher operating performance (before revaluations, depreciation and amortization as well as financial results) mitigated by higher income tax outflows.

Cash flow from investing activities

Comparison of financial years ended 31 December 2019 and 2020

In the financial year 2020, purchase of Investment Properties decreased to CHFm 73.4 from CHFm 87.3 in the financial year 2019. In the financial year 2020 there were no acquisitions of companies, but in the financial year 2019, CHFm 19.3

were invested in the acquisition of Jaeger et Bosshard SA, Lancy. In the financial year 2020, proceeds from the sale of real estate amounting to CHFm 32.2 were received (FY 2019: CHFm 0.1).

Furthermore, proceeds from the sale of other Property, plant and equipment in the amount of CHFm 6.7 were recognised in the financial year 2020 (FY 2019: CHFm 0.2). The disposal took place in December 2020 and primarily relates to the production facility of the former tenant of the Pratteln (BL) Site.

Sale of financial assets decreased from CHFm 5.5 to CHFm 3.8. In the financial year 2020, loans amounting to CHFm 3.7 (FY 2019: CHFm 5.5) were granted to third parties.

Comparison of the six (6) months ended 30 June 2020 and 2021

"Cash flow from investment activities" amounts to CHFm –80.2 in HY 2021 (HY 2020 CHFm –36.0). The main drivers for the increase are the acquisition of the company K-Buchs S.à.r.l, which caused a net cash out-flow of CHFm 22.7, and investments in the Investment Properties Portfolio amounting to CHFm –59.2 (acquisition of the Property in Winterthur (CHFm 15.0) and Solothurn (CHFm 19.5), as well as various investments in the existing Investment Properties Portfolio). The divestments of real estate CHFm 4.7 and divestments of other Property, plant and equipment CHFm 2.8 (Pratteln) had an offsetting effect.

The net "Cash flow from investing activities" as of 30 June 2020 primarily includes investments in the Investment Properties Portfolio (CHFm 33.6).

Cash flow from financing activities

Comparison of financial years ended 31 December 2019 and 2020

In the financial year 2020, financial liabilities in the amount of CHFm 75.2 were raised, in the financial year 2019 the raised amount was CHFm 69.7. The amortisation and repayment of financial liabilities decreased from CHFm 90.6 in the financial year 2019 to CHFm 89.8 in 2020. In the financial year 2020, the share capital was increased by CHFm 0.4 and the own shares by CHFm 32.3, resulting in a total cash inflow of CHFm 32.7. In the financial year 2019, a bond was issued, which raised funds in the amount of CHFm 149.8. In the financial year 2019, own shares in the amount of CHFm 1.7 were acquired and in the financial year 2020 in the amount of CHFm 0.6 were sold. In the financial year 2019 the cash outflow due to dividend payments amounted to CHFm 31.2. In the financial year 2020 there was no dividend payment.

Comparison of the six (6) months ended 30 June 2020 and 2021

In the first half of 2021, financial liabilities to banks were increased by CHFm 95.0 (HY 2020: CHFm 28.1). Furthermore, a dividend payment of CHFm 19.3 was made, which reduced the funds accordingly. Amortisation payments for lease liabilities remained unchanged (HY 2021: CHFm –2.8 / HY 2020: CHFm –2.8).

EPRA key performance indicators

Performance figures according to EPRA

The European Public Real Estate Association (the "**EPRA**") is an association of the leading European companies in the real estate industry.

HIAG reports performance measures in accordance with the Best Practices Recommendations of the European Public Real Estate Association's Reporting and Accounting Committee dated October 2019. These guidelines apply to accounting periods beginning on 1 January 2020. The new guidelines introduce three new measures of net asset value (EPRA NRV, EPRA NTA and EPRA NDV), which replace EPRA NAV and EPRA NNNAV and propose additional disclosures in the Capex table. HIAG has made the necessary adjustments to the ratios in accordance with the new recommendations, and has also shown the previously reported EPRA net asset ratios (i.e. EPRA NAV and EPRA NNNAV) for comparison purposes.

Note: EPRA NRV, NTA, NDV and Property related Capex were published for the first time as of 31 December 2020. Therefore, some figures might not be available for periods prior to that.

Summary EPRA Performance Measures in CHF (except ratios)			For the financial year ended 31 December		For the six-month period ended 30 June	
			2019	**2020**	**2020**	**2021**
A. EPRA earnings per share	Earnings from operational activities	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings	–8.8	3.3	0.9	1.5
Company specific adjusted earnings per share	Company specific adjusted earnings per share		–0.1	3.9	1.2	1.7
B. EPRA NAV metrics per share	EPRA net reinstatement value: Assumes that entities never sell assets and aims to represent the value required to rebuild the entity	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	94.8	105.9	n/a[1]	106.2
	EPRA Net Tangible Assets: Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax		92.8	103.5	n/a[1]	103.8
	EPRA net disposal value: Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax		84.2	94.9	n/a[1]	94.6
C. EPRA Net Initial Yield (NIY)	Calculated to the full extent of their liability, net of any resulting tax	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	3.5%	3.5%	n/a[1]	3.7%
C. EPRA 'topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	Companies should provide detail on the calculation of the measure and reconciliation between the EPRA NIY and 'topped-up' NIY in the recommended format as shown in Section 3.4.	3.5%	3.5%	n/a[1]	3.7%
D. EPRA vacancy rate	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	16.2%	13.2%	n/a[1]	10.8%
E. EPRA cost ratio	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross Property Income	A key measure to enable meaningful measurement of the changes in a company's operating costs	86.5%	31.8%	n/a[1]	30.0%
Adjusted-EPRA cost ratio (Yielding Portfolio only) (excluding direct vacancy costs)			85.3%	39.9%	n/a[1]	20.4%

[1] *PRA NRV, NTA, NDV and Property related Capex were published for the first time as of 31 December 2020.*

Like-for-like rental growth reporting as of 31 December 2020

in CHFm (except ratios)	Annualised Property Income 31 December 2020	Effect from portfolio changes	Like for Like Property Income 31 December 2020	Annualised Property Income 31 December 2019	Like-for-Like growth	Like-for-Like growth in %
North-West Switzerland	20.7	–	20.7	19.9	0.8	4.1%
Central Switzerland	3.1	–	3.1	3.0	0.1	3.2%
Zurich	8.9	–	8.9	8.5	0.5	5.3%
Lake Geneva region	6.8	–	6.8	7.2	–0.4	–5.5%
Espace Mittelland region	3.4	–	3.4	3.4	0.0	0.2%
Eastern Switzerland	4.8	0.8[1]	5.6	4.9	0.7	14.3%
Total Yielding Portfolio	**47.8**	**0.8**	**48.6**	**46.9**	**1.7**	**3.6%**
North-West Switzerland	2.2	–	2.2	2.2	0.0	1.1%
Central Switzerland	0.1	–	0.1	0.1	–0.0	–21.2%
Zurich	5.6	–	5.6	5.8	–0.2	–3.1%
Lake Geneva region	1.3	–	1.3	1.1	0.2	18.7%
Espace Mittelland region	2.7	–	2.7	2.3	0.4	15.8%
Eastern Switzerland	0.4	–	0.4	0.4	0.0	5.6%
Total Development Portfolio	**12.3**	**–**	**12.3**	**11.8**	**0.4**	**3.5%**
Total Investment Properties Portfolio	**60.0**	**0.8**	**60.8**	**58.7**	**2.1**	**3.6%**

(1) *The effect from portfolio changes in the current year relates to the sale of a property in St. Margreten and the associated Property Income.*

Like-for-like rental growth reporting as of 30 June 2021

in CHFm (except ratios)	Annualised Property Income 30 June 2021	Effect from portfolio changes[1]	Like for Like Property Income 30 June 2021	Annualised Property Income 31 December 2020	Like-for-Like growth	Like-for-Like growth in %
North-West Switzerland	23.9	–2.5	21.4	20.7	0.7	3.3%
Central Switzerland	3.1	–	3.1	3.1	–0.0	–0.6%
Zurich	11.2	–	11.2	8.9	2.3	26.1%
Lake Geneva region	7.1	–	7.1	6.8	0.3	4.5%
Espace Mittelland region	3.8	–	3.8	3.4	0.4	12.0%
Eastern Switzerland	5.0	–	5.0	4.8	0.2	3.9%
Total Yielding Portfolio	**54.1**	**–2.5**	**51.7**	**47.8**	**3.9**	**8.2%**
North-West Switzerland	2.2	–	2.2	2.2	–0.00	–1.4%
Central Switzerland	0.1	–	0.1	0.1	0.0	2.5%
Zurich	4.7	–0.6	4.1	5.6	–1.6	–27.8%
Lake Geneva region	0.7	–	0.7	1.3	–0.5	–42.6%
Espace Mittelland region	3.5	–0.5	3.0	2.7	0.3	11.3%
Eastern Switzerland	0.4	–	0.4	0.4	0.0	3.4%
Total Development Portfolio	**11.6**	**–1.1**	**10.4**	**12.3**	**–1.8**	**–14.8%**
Total Investment Properties Portfolio	**65.7**	**–3.6**	**62.1**	**60.0**	**2.1**	**3.5%**

(1) The effect from portfolio changes in the first half of 2021 relates to disposals and acquisitions as well as the associated Property Income.

Capital expenditure disclosure

Property-related Capex in CHFm	For the financial year ended 31 December		For the six-month period ended 30 June	
	2019	2020	2020	2021
Acquisitions	51.5	9.1	n/a[1]	87.6
Like-for-like Yielding Portfolio	26.7	28.6	n/a[1]	13.0
Like-for-like Development Portfolio	29.1	37.8	n/a[1]	14.3
Other	–	–	n/a[1]	–
Capital expenditure	**107.2**	**75.5**	**n/a[1]**	**114.9**

(1) EPRA NRV, NTA, NDV and Property related Capex were published for the first time as of 31 December 2020.

Recent developments and extraordinary events

The following recent developments and extraordinary events occurred in HIAG's ordinary course of business since 30 June 2021:

- On 27 May 2021, HIAG successfully placed a CHFm 160.0 fixed-rate bond with a coupon of 0.75% and a term of seven years until 2028. The bond, which was settled on 2 July 2021, seamlessly replaced the CHFm 100.0 bond maturing on the same date. The proceeds from the placement were used to repay bank financing.

- On 3 August 2021 (closing 3 August 2021), HIAG sold the mixed-use residential Property Zürichstrasse 34 in Aathal-Seegräben (ZH) (Site number HIAG 306 01, Fair Value as at 30 June 2021 CHFm 0.2).

- On 9 August 2021, HIAG concluded on a partial area on the Reichhold Campus in Hausen/Lupfig a conditional building lease agreement for 60 years with an international data centre operator. The building lease agreement contains various mutual conditions so that it can come into force (e.g. legal validity of the special use plan until a certain date, receipt of a legally binding building permit until a certain date, proof of the minimum number of workplaces, etc.).

- On 19 August 2021 (closing 31 August 2021), HIAG sold the residential Properties Herrenweg 1–7, Herrenweg 6 and Derendingerstrasse 18–40 in Biberist (Site number HIAG 362 01 and 362 02, Fair Value as at 30 June 2021 CHFm 8.8), Land plot 2838 (Derendingerstrasse): 1,499 sqm remains at HIAG (new land parcel no 4165 parcelled off from land plot 2838).

- On 26 August 2021 (closing 30 August 2021), HIAG sold 20 indoor parking units in the commercial Property Heinrich at the Spitzmattstrasse in the Kunz Site in Windisch (AG) (part of Site number HIAG 321 07, Fair Value as at 30 June 2021 CHFm 0.4).

- On 1 September 2021 (closing 30 September 2021), HIAG sold the residential and commercial Properties Zürichstrasse 50–62 and Zürichstrasse 64–80 in Aathal-Seegräben (ZH) (Site number HIAG 300 01 and 300 02, Fair Value as at 30 June 2021 CHFm 8.5).

- On 3 September, HIAG and Coop Genossenschaft, OB Bau+Hobby, mutually terminated the lease agreement for the Property Talwis in Aathal-Seegräben (ZH) that was concluded in June 2016. This was done because the approval of the special use plan by the Canton is still pending and the agreed project deadlines can no longer be met as well as Coop does not need any further locations in the region due to the takeover of the Jumbo DIY stores. Coop will pay a compensation to HIAG to cover part of HIAG's expenses.

- On 20 September 2021 (closing 1 November 2021), HIAG sold the residential Property Rosentalstrasse 27 in Basel (Site number HIAG 601 01, Fair Value as at 30 June 2021 CHFm 6.1).

- The commercial Property "Reinach (BL), Am Kägenrain 1–3" is part of a sale- and lease-back portfolio transaction of total for four (4) Properties, which was closed in March 2021. For the Property in Reinach existed a pre-emption right for the Christoph Merian Trust, the freeholder of the parcel no 2596. Christoph Merian Trust waived the pre-emption right on 16 September 2021. The transfer of ownership to HIAG is expected on 30 November 2021. The purchase price of the Property is less than CHFm 5.0.

- On 7 October 2021 (closing expected 30 November 2021), HIAG sold the residential Property Schulhausstrasse 42–44 in Wetzikon (Site number HIAG 309 02, Fair Value as at 30 June 2021 CHFm 3.6).

- On 7 October 2021 (closing expected 30 November 2021), HIAG concluded a preliminary agreement for the sale of the Development Property Route Industrielle 18 in Aigle (Site number HIAG 221 01).

- On 20 October 2021 (closing expected 30 November 2021), HIAG sold the residential Property Grundstrasse 6–10 in Wetzikon (Site number HIAG 309 01, Fair Value as at 30 June 2021 CHFm 1.6).

- Since 30 June 2021 to the date of this Prospectus, the Group has signed new lease agreements amounting to a Property Income of CHFm 0.2 (Niederhasli (ZH) CHFm 0.1, Frauenfeld (TG) CHFm 0.04 and Kleindöttingen (AG) CHFm 0.06) per year and a lease agreement was terminated that amounted to CHFm 0.2 (Aathal ZH CHFm 0.2) Property Income. In that same period, no material lease contract did expire.

Properties sold under condition

- On 12 March 2021, HIAG concluded a preliminary agreement on the conclusion of a purchase contract for the sale of the land plot in Menziken (AG) (Site number HIAG 401 01, parcel no 2948, 9,613 sqm, Fair Value as at 30 June 2021 CHFm 2.1). The potential buyer has to hand in a planning application and receive a legally valid building permission and bring down an irrevocable promise of payment within 24 months from signing. The duration of the preliminary agreement is maximal 30 months valid from signing.

- On 28 Mai 2021, HIAG concluded a conditional sale contract for the sale of a land plot in Biberist (SO) (Site number HIAG 361 09, parcel no 4129, 12,364 sqm, Fair Value as at 30 June 2021 CHFm 3.2). Parcel no 4129 was previously parcelled off from the parent parcel no 944 (90,470 sqm). The potential buyer has to receive a legally valid building permission and bring down an irrevocable promise of payment within 24 months from signing.

Business prospects

The Swiss real estate market has proven to be highly robust in the turbulence of the past months. Against the backdrop of persistently low interest rates and massive capital injections by the central banks to support the economy, the price level for real estate has remained stable or even once again risen noticeably, depending on the segment of use.

The independent Swiss economic research and consulting institute BAK Economics considers the emerging fears of inflation to be exaggerated, at least in the short term and especially for Switzerland. Mortgage interest rates are expected to remain at a low level. However, price increases for certain building materials are noticeable due to the high global demand and pandemic-related production and delivery delays. However, the construction industry expects prices and delivery times to normalise in the medium term.

Investor demand for residential Properties, office Properties in prime locations or special Properties such as logistics Properties has remained high in recent months. The continuing economic recovery, especially in the second sector, has also led to additional demand for commercial and logistics space. Letting retail Properties in the non-food sector or pure office Properties in more peripheral locations remains a challenge.

Overall, interest in the "real estate" asset class is likely to remain high in the foreseeable future. Real estate usually delivers stable cash flows and has comparatively good returns. The past has also shown that commercial real estate offers a certain degree of inflation hedging due to the indexed lease agreements.

The broad mix of sectors, with a diversified tenant structure as well as a focus on logistics, industrial and commercial tenants, is one of HIAG's strengths. Along with the extensive Investment Properties Portfolio, it provides the foundation for above-average, long-term, profitable growth compared to the rest of the industry. To date, two (2) already full-leased Properties with Property Income upon completion of around CHFm 5.4 and an average rental term of 15 years are under construction. Furthermore, in the next three (3) to four (4) years, another 12 development projects with a usable area of around 105,000 sqm and expected investments of about CHFm 340.0 are to be undertaken. After completion and full leasing, these projects are expected to generate Property Income of approximately CHFm 20.0 and approximately CHFm 72.0 in proceeds from the sale of the promotion projects.

If the market environment remains good, HIAG anticipates a generally pleasing financial year 2021. HIAG expects the NAV to increase again in the second half of the financial year due to the remaining good business performance, the net proceeds from targeted sales of non-strategic properties and positive effects from revaluations. Due to the business model with a focus on logistics, industrial and commercial Properties as well as a broadly diversified tenant structure and the long, weighted average remaining lease term, the Executive Board expects a stable earnings situation and a continuous increase in profits in the long term. At the same time, the first-class project pipeline offers long-term potential for above-average profitable growth compared to the industry.

HIAG also expects an increase in Property Income in the second half of the financial year. This will be mainly due to follow-up effects from new leases, the Properties acquired in the first half of the financial year and lease agreements that have already been concluded. In addition, there is potential for positive revaluation effects at various locations due to significant progress in development projects. Furthermore, HIAG intends to use the current market environment for targeted divestments of non-strategic Properties with corresponding surpluses during its continuous Investment Properties Portfolio optimisation.

7. INFORMATION ON THE ISSUER

Company name, Company number, registered office, duration and historical background

HIAG Immobilien Holding AG (formerly "G.R.T. Verwaltungs AG" and "GRT Verwaltungs AG") has registered offices at Aeschenplatz 7 in 4052 Basel, Switzerland, and is registered with the Commercial Register (*Handelsregister*) of the Canton of Basel-Stadt with the register number CHE-102.997.860 since 6 May 1969. The Company has been incorporated on 6 May 1969 (date of first registration) for an unlimited time.

HIAG was founded on the basis of an industrial group active in production and trade of wood products. Founded in 1876 in St. Margrethen in the Canton of St. Gallen, the group became a market leading player of timber materials in Europe by the mid-1980s. At the beginning of the new millennium, driven by technological and structural changes, the group initiated a transition process. After the successful spin-off of its production facilities in flooring, door, fibreboard and wood trading industries, the Group now focuses on its long-term real estate strategy.

Initially concentrating on reviving its former wood industry Sites with growing high-tech companies, the Group progressively entered into the conversion of former industrial Sites to retail and residential use. In 2009, the first step was taken towards growth beyond its then existing Investment Properties Portfolio through the acquisition of a former textile mill in Windisch (AG). In the past 12 years, the Group strengthened its competences in Site development and accomplished numerous further acquisitions. Furthermore, the Group grew its asset base significantly trough investments as well as value creation on its Development Portfolio.

Since 16 May 2014 HIAG's registered shares are listed and traded on the SIX Swiss Exchange.

Legal system and legal form

The Company is a corporation (*Aktiengesellschaft*) incorporated under Swiss law.

Company purpose

Article 2 of the Articles of Association provides as follows (unofficial translation of the German wording):

"*The purpose of the company is the direct and indirect participation in companies in Switzerland and abroad, which are in particular active in the area of investment, administration and realisation of assets, real properties and construction projects, the development of real estate project as well as in providing IT-infrastructure.*

The company may perform its services and carry out its financial transactions to affiliates without any consideration.

The company may carry out all commercial, financial and other activities directly or indirectly associated with the purpose of the company. It may acquire, administer and sell real properties and construction projects and develop real estate projects."

Articles of Association

The Articles of Association are dated 29 September 2021.

Provisions in the Articles of Association that differ from legal provisions

There are no provisions in the Articles of Association that differ from the legal provisions in respect of changes to capital and the rights attached to the individual types of security.

Notices and information policy

According to the Articles of Association, notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) or in writing or e-mail (to the addresses registered in the share register). The Board of Directors may designate additional publication mediums.

All notices containing amendments or changes to the terms in relation to the Offering or this Prospectus will be announced through the electronic media and on our website https://hiag.com. Notices required under the Listing Rules will be published in electronic form on the website of SIX Swiss Exchange under the section headed Official Notices (https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/). Changes so notified will be deemed to constitute an amendment or supplement of this Prospectus.

Financial statements can be requested in writing free of charge from the following address:

HIAG Immobilien Holding AG, Aeschenplatz 7, 4052 Basel, Switzerland
Phone: +41 61 606 55 00
E-Mail: investor.relations@hiag.com

Furthermore, recent financial statements and press releases are available on HIAG's website https://hiag.com.

Audited reports are released on an annual basis per 31 December. In addition, the Company also releases unaudited interim financial information per each 30 June.

8. INDUSTRY BACKGROUND AND MARKET OVERVIEW

Introduction

General

The contents of this section correspond to the report of Wüest Partner (the "**Market Report**"), which was provided as at 23 September 2021 for the purpose of this Prospectus.

The cut-off date for the economic and real estate market data is the 20 September 2021 (unless otherwise indicated at the relevant graph), with economic developments and assessments up until this date taken into account. Any adjustments after these dates have not been taken into account.

This section is divided into two main parts. The first part presents the key macroeconomic and demographic indicators that are relevant for the Swiss real estate market. The second part examines the trends in the Swiss real estate markets by segments, focusing on the commercial and industrial markets as well as the housing markets.

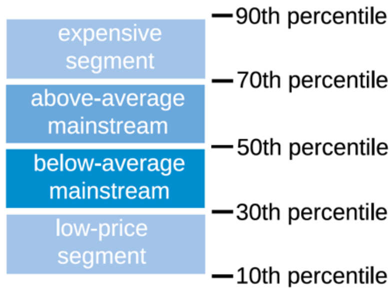
Sources

In addition to Wüest Partner market data, the analyses are based on the following data sources:

- BAK Economics AG
- Building insurances
- Bundesamt für Migration (BFM)
- Eurostat
- Gesellschaft für Konsumforschung ("**GfK**")
- IMD Business School ("**IMD**")
- International Monetary Fund (IMF)
- KOF Swiss Economic Institute
- Realmatch360
- Schweizer Baublatt Info-Dienst (Documedia)
- State Secretariat for Economic Affairs (SECO)
- Swiss Federal Statistical Office (SFSO)
- Swiss National Bank (SNB)
- World Economic Forum

Percentiles

Throughout the Market Report, price percentiles are used to describe the distribution of yields and Property prices within a defined area. Percentiles express the statistical distribution of an array of values by splitting these into equal segments. The 50th percentile or median value of a price range marks the boundary between the more expensive and cheaper halves of the supply. Similarly, the 10th percentile divides the least expensive 10% and the 90th percentile the most expensive 10% from the remaining supply component.



Macroeconomic Environment

Overview of macroeconomic situation

Switzerland has a strong economy, stable political conditions and a solid financial base. It reached the first place as most innovative country in the year 2021 of the European Innovation Scoreboard that assesses the research and innovation performance of countries. The IMD World Competitiveness Ranking 2021 also awarded Switzerland first place, which reflects its resilience during the COVID-19 pandemic. When it comes to Switzerland's flexible work arrangements, it reached third place in the "Global Competitiveness Special Edition Report 2020" of the World Economic Forum. According to the report, the following dimensions helped the economies to stay resilient during the COVID-19 pandemic: economic digitalisation and digital skills, safety nets and financial soundness, governance and planning as well as health system and research capability. Notably Switzerland succeeded to perform well in all of these dimensions, showing its adaptability which also helped its economy to stay stable during the COVID-19 pandemic.

The Swiss government adjusted some of its social systems under the pressure of the extraordinary situation of the COVID-19 pandemic to support its economy and population. Unemployment insurance, including the concept of short-time working, and additional support programmes such as hardship help and supporting funds were highly helpful measures during the COVID-19 pandemic. This had a supportive and stabilising effect on household budgets, disposable income and thus the residential real estate market. Switzerland is capable of financing these extraordinary expenses, as its debt level was 27.8% of GDP in the year 2020, and thus well below the 60% threshold as defined in the Maastricht treaty.

Switzerland's GDP per capita converted into purchasing power parity in the year 2019 was USD 73,000 as stated by the World Bank. Therefore, it is among the top three (3) countries worldwide with regard to GDP per capita and well above the EU average of GDP per capita of USD 46,000.

Key figures

The macroeconomic situation in Switzerland remains solid for investors in real estate. GDP is picking up after the COVID-19 induced recession (fuelled by consumption and exports), the unemployment rate is decreasing and interest rates are at very low levels.

	2020	2021 Forecast	2022 Forecast
Real GDP	–2.5%	3.2%	3.4%
Private consumption	–4.4%	2.6%	4.2%
Exports	–5.3 %	6.3%	6.7%
Unemployment rate	3.1%	3.0%	2.7%
Employment	–0.3%	0.2%	1.3%
Population	0.7%	0.7%	0.7%
Inflation	–0.7%	0.5%	0.8%

Table 1 of the Market Report: Macroeconomic Key Factors as of 20 September 2021. Sources: Wüest Partner, SECO, SNB. Annotation: GDP, private consumption and exports: real change on previous year. Employment and population: change on previous year.

Gross domestic product

Between 2011 and 2019, Switzerland experienced steady annual growth in GDP of between 1 and 3%. During the COVID-19 pandemic in the year 2020, Swiss real GDP contracted by –2.5% according to the SECO. Compared with a far stronger recession at the EU-level (according to Eurostat, GDP contracted by –5.9% across the EU in 2020), Switzerland's economy has remained relatively stable throughout the COVID-19 pandemic. Furthermore, since COVID-19 restrictions were eased in March 2021, the Swiss economy recovered remarkably quickly. The SECO expects GDP to grow by 3.2% in 2021 (adjusted by sports events) and 3.4% in the year 2022.

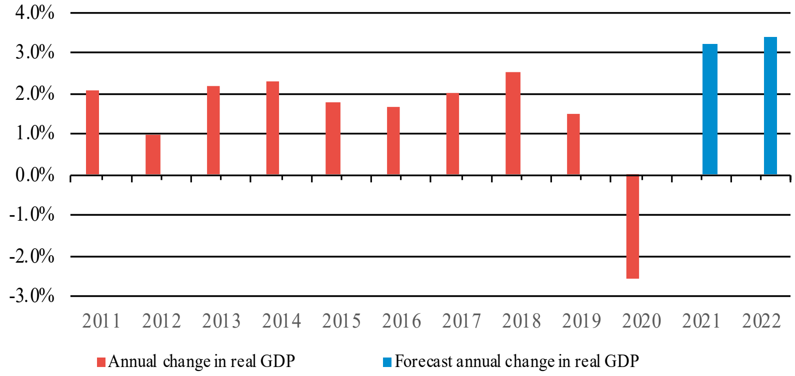


Figure 1 of the Market Report: Annual growth of real Swiss GDP with forecast data (forecasts in blue) as of 20 September 2021. Source: SECO

Inflation

The recent economic boom has triggered a rise in consumer prices. However, price inflation is expected to weaken in the second half of the year. The SNB is expected to maintain its expansionary monetary policy for the time being, as inflation rates are likely to remain comparatively moderate and below the upper level of its target in 2021 and 2022. Moreover, it is unlikely that the European Central Bank raises key interest rates in the coming months.

Interest rates

The recent increase in inflation expectations lead to a slight increase in interest rates. In June 2021, the yields on 10-year bonds were –0.2%, which was 40 basis points higher compared to the beginning of the year. The reason for the increase was a global spike in inflation expectation. However, government bond yields are still negative and fell once again to a level of –0.4% in August 2021. Therefore, the demand for real estate investments remains high on the part of institutional investors. Furthermore, low mortgages interest rates still support private housing demand. According to the SNB the average ten-year mortgage rate stood at 1.4% in June 2021 and was therefore only slightly above the all-time low of 1.2% that was measured in August 2019.

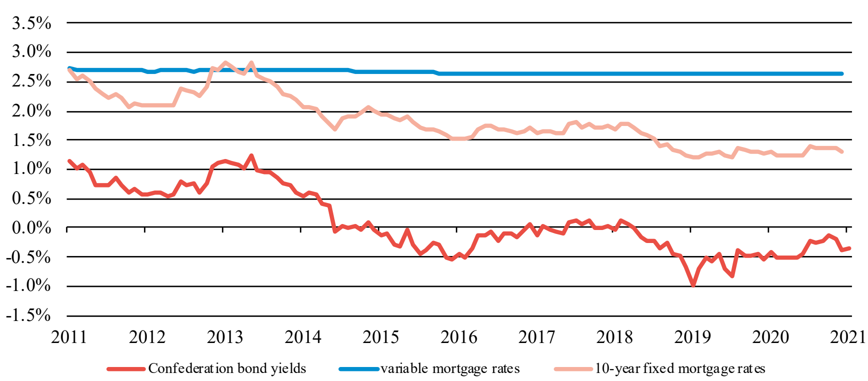


Figure 2 of the Market Report: Development of interest rates of government bonds and mortgage-backed credit. Source: SNB.

Labour market

The SECO published an unemployment rate of 2.7% for August 2021. Not only is this a remarkably low level in an international comparison, but unemployment has also almost returned to the pre-crisis level which was 2.5% at the end of 2019. As such, a recovery can be seen in the Swiss labour market, both in the industrial as well as the service sectors. Compared to the corresponding month of the previous year, unemployment decreased by 18.8% in the industrial sector and by 15.8% in the service sector according to SECO. The total number of employees in Switzerland is expected to grow by 1.3% in 2022.

Population growth

Switzerland is one of the fastest growing European countries in terms of population. In 2020, the Swiss population increased by 0.7% according to the Swiss Federal Statistical Office (SFSO) through both, a birth surplus and immigration. This growth rate corresponds to about 64,300 persons. The biggest part of this growth, around 53,800 persons, stems from international migration. As such, population growth in Switzerland in the year 2020 was higher than the EU average of 0.1% as stated by the World Bank. The annual growth rate of 0.7% in Switzerland has also been quite stable at this level for the last three (3) years – before that it was more than 1.0% per year on average. Population growth has been particularly strong in the agglomerations of the economic centers. At a cantonal level, the biggest growth of 1.2% was registered in Thurgau, Aargau, Vaud and Fribourg. The Cantons of Zurich and Zug grew by 0.9% and Lucerne by 0.8%.

Consumer sentiment

According to SECO, consumer sentiment has improved considerably. In July 2021, the consumer sentiment index stood at +7.8 points, compared with –13 points of the end of the year 2020. Thus it lies well above its long-term average of –5 points. Key contributing factors to this positive development were the improved economic situation and expectations of improving labour market conditions.

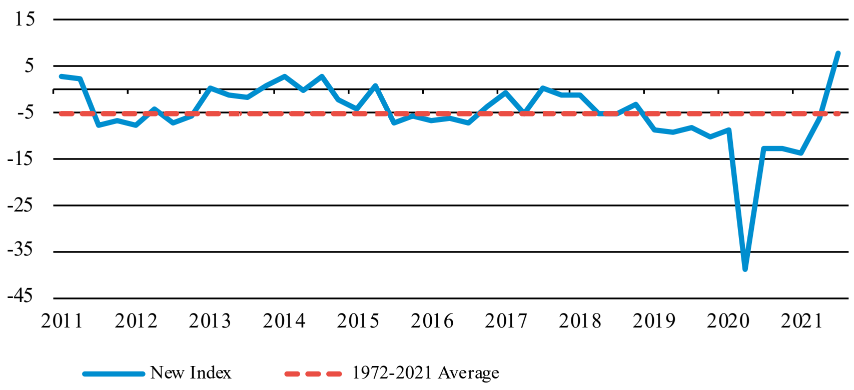


Figure 3 of the Market Report: Consumer sentiment index (as of August 2021). Source: SECO

Retail Sales

Although consumer spending in the traditional retail sector has recovered significantly since the reopening of shops after the second lockdown, the retail environment is likely to remain difficult in the future. In the year 2020 online retail grew by 27% and was estimated at CHFb 13.1 according to GfK. However, some bricks-and-mortar retailers have used the time in lockdown to drive innovation: In the wake of the general online boom, many department stores switched to relying more on models such as click & collect, video consultations or alternative sales and contact channels in social media for their distribution. The structural change toward e-commerce has implications for the employment numbers in the retail sector. In the second quarter of 2021 there were 1.8% fewer employees in the retail sector than two (2) years earlier. E-commerce has gained market shares and the indications show that e-commerce will continue to expand. Therefore, this environment is likely to remain competitive. Bricks-and-mortar retailing has done well in recent months, but online trade has gained market share in both the food and the non-food segment.

The overall stable economic situation regarding GDP and employment growth, as well as the improvement in consumer sentiment, is expected to have a further positive impact on private consumption.

Industry Sector

The industry sector is an important pillar of the Swiss economy. Its trade surplus and share of exports relative to GDP belong to the highest among developed countries. These exports are driven by growing sectors such as pharmaceuticals, the watch industry and commodity trading.

According to Credit Suisse, the Purchasing Manager's Index ("**PMI**") for the manufacturing industry read 67.7 points in August 2021, which was well above the growth threshold of 50. The purchasing situation is still difficult, but supply chains are not as long as in July 2021 and prices not rising as much. Therefore, the outlook for a strong recovery of the Swiss industry sector remains good.

Figure 4 of the Market Report: PMI of the industry. Source: procure.ch, Credit Suisse

Employment structure and development

The Swiss economy is generally broad-based, with a balanced mix of industries comprising blue-chip industrial companies and high value-added service companies. Despite the high importance of its service sector, Switzerland continues to rank as one of the key industrial nations in the world.

According to the Swiss Federal Statistical Office (SFSO), the secondary sector accounted for just under 25% of all full-time equivalent employees in the second quarter of 2021, a share that has remained relatively stable over the last ten (10) years. Within Switzerland's manufacturing industry, the manufacture of electronic and optical products is the sector that is most strongly represented: As of the second quarter of 2021, it comprises 13.2% of all secondary sector employees (full-time equivalents). High employment figures are also seen in metal production/processing and in mechanical engineering (where the proportion of the workforce is 8.9% and 7.4%, respectively). The pharmaceutical industry only accounts for 4.4% of the workforce, yet this sector generated around one fifth of the total value creation in the Swiss industrial sector in 2019. As such, the industries with high value-added play an important role in the Swiss economy.

As for the employment outlook going into the third quarter of 2021, according to the FSO quarterly "Index of employment evolution prospects" around 72% of companies planned to keep their employee count, 12% planned to increase it and only 3% planned a reduction of employment. In general, high value-added sectors of the Swiss economy have the best outlook for ongoing growth in the coming years. In particular, these are activities that are associated with information technology as well as financial and insurance services, business administration and management, consultancy, research and development. Their future growth depends heavily on inward migration and up until now, Switzerland has been able to attract a constant stream of highly skilled workers.

At the same time however, increasing structural changes are expected to lead to some employment losses in the following industries: Manufacture of electrical equipment, manufacture of wood, paper and printing products, retail trade, telecommunications, publishing, audio-visual and broadcasting activities as well as financial service activities.

Summary and demand outlook

Although due to the COVID-19 pandemic, some uncertainties regarding the economic outlook remain, several factors suggest that the environment for investments in Swiss real estate remains favourable:

- Switzerland is considered to be a highly attractive business location by international standards for both the service sector and the manufacturing sector. This is not only as a result of its relative macroeconomic and political stability but also because of its well-developed financial markets, a good education system and strong innovation capabilities.
- The Swiss economy has already recovered remarkably quickly from the shock of the COVID-19 pandemic. Based on the current situation, the economy is expected to grow considerably in 2021 and 2022.
- Given the solid outlook regarding employment growth, robust end-user demand for industrial and commercial space can be expected in the coming years. In addition to that, the combination of solid population growth as well as the ageing of the population results in a continuously increasing demand for residential Properties in Switzerland.

Conclusions for the HIAG Investment Properties Portfolio and development projects:

The stability and the fast recovery of the Swiss economy after the dip in 2020 due to the COVID-19 crisis creates a beneficial environment for the growing HIAG Investment Properties Portfolio as well as for the development projects.

Sustained population growth during 2020 as well as growth in the labour market between mid-2020 and mid-2021, especially in the greater areas of Zurich, Basel, Aargau and Geneva, suggest a strong demand in the relevant markets of HIAG. Around eighty percent of the HIAG Investment Properties Portfolio is located in these regions.

A high-tech industry, as well as continuously growing needs for business and retail logistics in Switzerland, represent an advantageous environment for HIAG with most of its assets in this segment.

Real estate market

The Swiss real estate markets have developed very dynamically in recent years. Economic growth and a robust labour market have thus far supported demand for commercial and residential space in Switzerland. While just like almost everywhere else around the globe, the COVID-19 pandemic is impacting upon Switzerland's Property markets, the individual sub-segments are affected to varying degrees. In some areas of the real estate market, such as housing and specific parts of the commercial markets, it even had a stimulating effect on demand. These impacts are discussed in more detail in each relevant sub-section of this report.

Commercial Property market

Returns

Investors continue to show a strong interest in the Swiss real estate market owing to the low returns on alternative forms of investment. The high demand for real estate has resulted in rising transaction prices and constant pressure on gross initial yields. Thus, the median gross initial yield for the transactions of commercial Properties monitored by Wüest Partner fell to just under 4% in 2020.

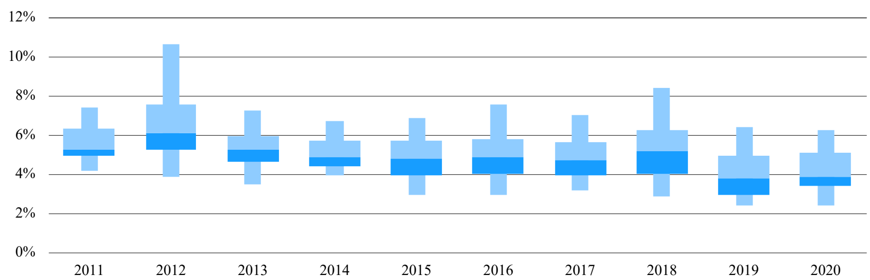


Figure 5 of the Market Report: Gross initial yields for commercial real estate transactions in Switzerland (percentiles, as of fourth quarter of 2020). Source: Wüest Partner.

During the first half of 2021, however, the returns on real estate transactions suggest a certain degree of cautiousness on part of the investors: Initial yields on commercial Properties have moved sideways and no longer declined as in previous years. Only core Properties in urban areas are met with an increased willingness to pay.

As such, top-quality investment Properties in prime locations are still enjoying strong demand. Indeed, the already strong willingness to pay for such Properties has risen again slightly in a number of major cities, which has led to a further decline in initial yields on commercial Properties in the first half of 2021. As for office Properties at prime locations in the major cities, prime yields of between 1.6% in Zurich (see Figure 6 of the Market Report), 1.8% in Geneva and 2.2% in Lausanne are currently being achieved. A comparison with government bond yields nevertheless shows that investments in Swiss real estate continue to be classed as highly attractive. Demand is likely to focus on prime Properties at top locations rather than Properties at B– and C–rated locations.

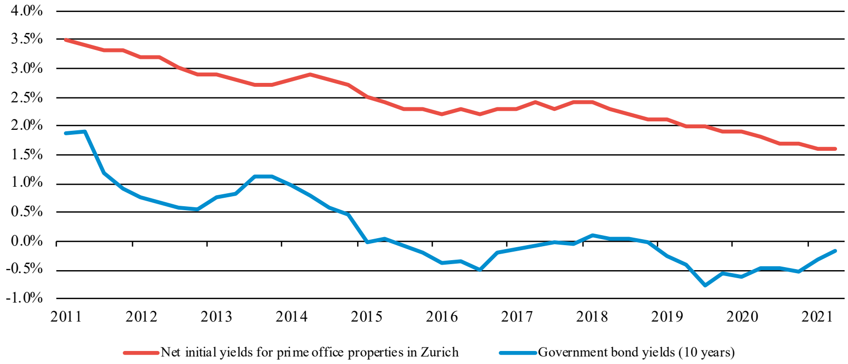


Figure 6 of the Market Report: Comparison of Swiss government bond yields (2011 Q1–2021 Q2, quarterly averages) and prime office yields (2011 Q1–2021 Q2). Sources: Wüest Partner, SNB.

The investment market for the logistics sector, too, is growing in response to the demand for larger-scale logistics and warehousing space for consumer and industrial goods. Accordingly, investors are showing a keen interest in this particular market segment. Easily accessible locations along major transportation axes and in the vicinity of major conurbations are the focus of much attention. The growing demand for investment Properties that meet the specific demands with regard to storage, accessibility and distribution (logistics in the broadest sense) is expected to lead to high transaction prices and put downward pressure on initial yields in the foreseeable future.

Construction activity

Considerable new construction activity has recently been observed in the Swiss commercial Property markets. The volume of new builds and refurbishments has risen particularly since 2016, both for office space and for space used for other commercial purposes.

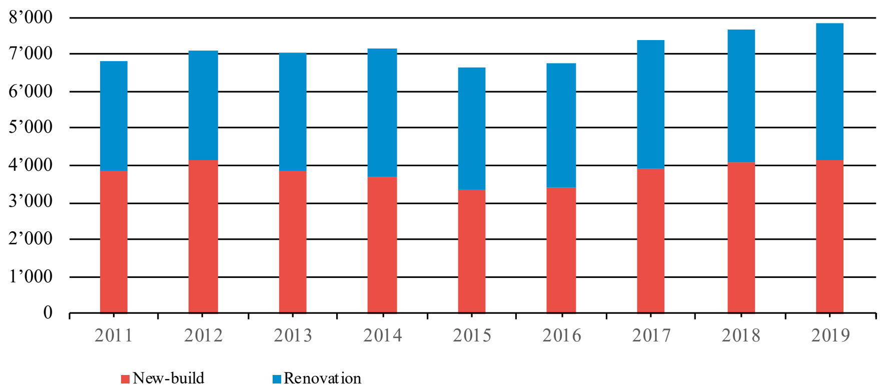


Figure 7 of the Market Report: Real annual investments in building construction (in millions of Swiss francs); source: SFSO, Wüest Partner.

Spatial concentration is notable in the case of construction investments, which presently stems from the prevailing economic and employment conditions. Thus, the Cantons of Zurich, Geneva and Aargau are among the largest building construction markets in Switzerland, covering 42% of total renovation and new-build investments in commercial space between 2016 und 2019.

Construction activity for warehouse logistics too has increased continuously over the last ten (10) years. The volume of new logistics real estate construction in Switzerland amounts to an estimated CHFm 500 per year and is likely to continue to rise. The trend is clearly moving towards larger functional and automated logistics centres. Furthermore, the requirements with regard to delivery speed are also rising, which means that last-mile logistics is constantly being expanded – i.e. the supply of end consumers through distribution centres that are located close to cities. The following five (5) Cantons accounted for the largest volume of new construction in 2020 (based on building permits): Zurich, Basel-Land, Aargau, Vaud and Berne.

In the commercial real estate sector there is now a slight downward trend in planned new real estate project developments in Switzerland, at least as far as office space is concerned. Data for the second quarter of 2021 shows that the volume of new building permits issued for office space is below the ten (10) year average and has most recently decreased. As such, new construction activity is still buoyant in 2021 and 2022 but may weaken somewhat in the medium term. In both the industrial as well as warehousing and logistics segments, construction is likely to continue at a high level as indicated by the recent increase in building permits that were issued.

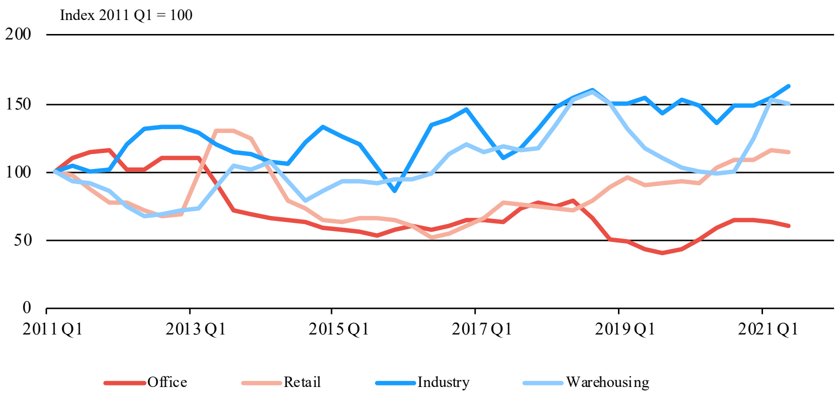


Figure 8 of the Market Report: Development of costs for building applications (as of second quarter 2021). Source: Baublatt-Infodienst.

Supply and vacancy rates

Office space supply, as measured by advertised but not necessarily vacant space as a proportion of the total stock, was 7.1% in the second quarter of 2021 and has been more or less at this level since 2015. Around 4 million sqm of office space are currently available to let in Switzerland. Generally, new developments or refurbished Properties at Sites with good transport links are absorbed well by the market – often at the expense of existing older Properties.

Statistics on effective vacancies are only available for the five (5) major cities in Switzerland. These vacancy rates are generally well below the volume of advertised space (i.e. supply rates). In the city of Geneva, the official vacancy rate stood at 5.0% in 2019 (latest available data), whereas in the city of Zurich, the office vacancy rate has declined somewhat in the last few years and is now at the very low level of 1.3% (as at June 2020).

The Swiss market for industrial space has a significantly lower liquidity, with only around 1.5% of the space available to let. However, this submarket is very strongly characterised by occupier-ownership. Whereas most service companies cover their space requirements through leased premises, in the manufacturing sector the predominant model is to own the business premises. These include, in particular, industrial and commercial Properties. Market transparency is therefore much lower in this segment and estimating the space available entails uncertainties. The majority of logistics companies in Switzerland operate in their own Properties too. However, some are leased, and as such growing opportunities arise for real estate investors in this niche market. There is already a fairly large supply of smaller storage spaces with structural deficits. The situation is different with large Properties, however, which are highly sought after.

Although rentals still account for a small share of the industrial segment of the Swiss real estate market, the industrial Property business has seen the arrival of greater momentum in recent years. Thus, the volume of industrial space destined for rental has increased significantly as a share of the total approved volume: Whereas at the end of the 1990s nearly all newly built space was destined for owner-occupiers, today around 19% of the new construction volume (based on building approvals in 2020 and 2021, in terms of costs) is planned for rental purposes.

Price development

The supply-based rental price index for office space rose by 16% throughout Switzerland between 2011 and 2017 and has been relatively stable since then. Similarly, the quality-adjusted index for contractually agreed office rents has maintained its level between the second quarter of 2020 and the second quarter of 2021. Although the employment outlook is favourable and end-user demand should pick up again, the potential for rental increases remains limited due to persistent market liquidity. In addition, financial concessions, such as rent-free periods and other inducements, are occurring more and more frequently since landlords still prefer to grant one-off incentives rather than long-term low rent.

Steady increases in rental prices for industrial space (asking prices) indicate the generally robust state of the market. The supply of existing and new space is easily able to meet demand and there are no signs of oversupply.

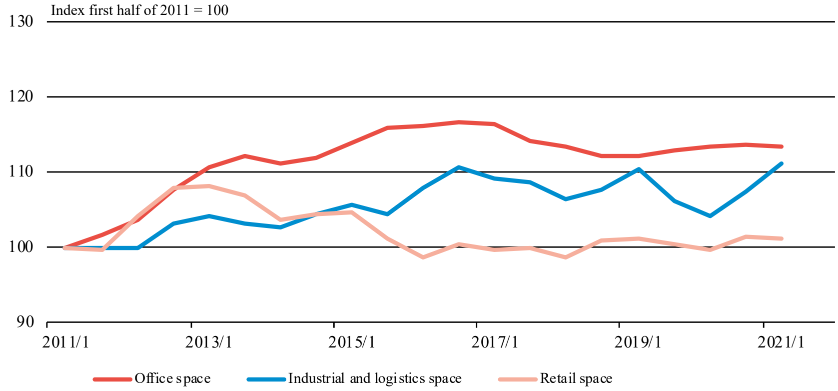


Figure 9 of the Market Report: Nominal asking price indices for commercial and industrial space (as of first half of 2021). Source: Wüest Partner.

Price level

Development land prices

Typically, prices per sqm for industrial land with full infrastructure in Switzerland range from CHF 150 and less in rural areas to well over CHF 1,000 in urban agglomerations. The heterogeneity is very high and can be explained by the wide spectrum of utilisation opportunities in respect of achievable volumes and segments as well as the regionally varying interest of the customers. Typical asking prices at good locations in the Zurich region are CHF 1,200 per sqm in the municipality of Dietikon and around CHF 1,500 per sqm in Wetzikon and Schlieren, whereby the range of potential uses is greater in the light and heavy industrial segments. Industrial land is typically less expensive in the Canton of Aargau; for example, around CHF 550 per sqm are observed in the Brugg region. However, industrial Sites at more expensive locations within the Canton of Aargau, for example in the municipality of Baden, may also sell at more than CHF 1,000 per sqm.

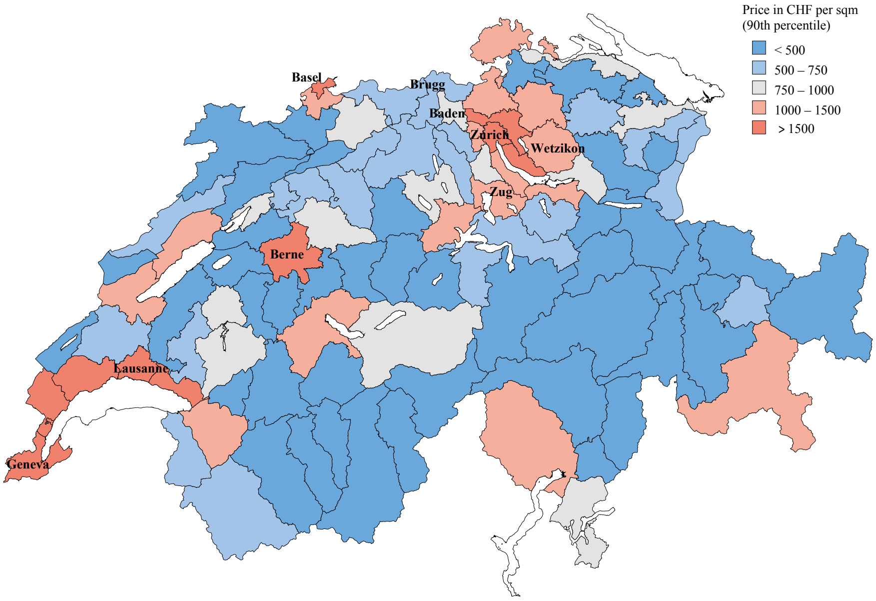


Figure 10 of the Market Report: Prices for industrial building land with full infrastructure provision (90th percentile, as of first half of 2021). Source: Wüest Partner.

Office rents

There is wide variation between the average office rent in the cities and in regional markets. Additionally, the precise location quality is a key factor. The highest asking rents for office space in Switzerland are observed in Geneva and Zurich, where median asking rents for office space were CHF 415 and CHF 360 per sqm per year, respectively, in the second quarter of 2021. The asking rents for available office space in very good locations (90th percentile) in Zurich, however, is CHF 700 per sqm and per year, whereas in the MS-region Geneva rents in this segment are around CHF 650 per sqm per year, but can reach CHF 830 in the city of Geneva. Outside the major cities the situation is very different. In the Zug region, the average asking rent for office space is CHF 260 per sqm per year, whereas in Brugg-Zurzach the asking rent is typically around CHF 160 per sqm per year.

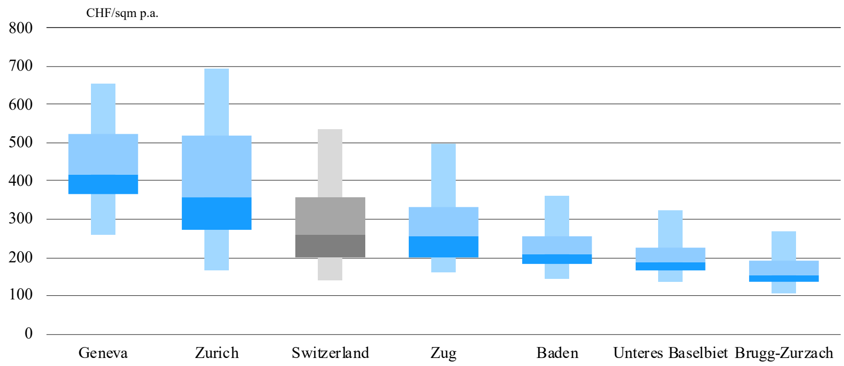


Figure 11 of the Market Report: Asking rents for office space in selected spatial mobility (MS) regions (as of second quarter of 2021). Source: Wüest Partner.

Rents for industrial space

Industrial activities typically require more space than service-sector activities; therefore, value added per sqm is also significantly lower in the industrial sector. The result is that willingness to pay among tenants in the industrial and warehouse segments is lower than it is for office space. The median rent for industrial space in Switzerland is around CHF 170 per sqm per year; by comparison, median asking rents in the Swiss office market stand at around CHF 260 per sqm and year – and are therefore nearly 50% higher than the figure for industrial space.

Furthermore, rents in the industrial sector vary less than those in the office market. The highest median asking rents are achieved in the special mobility (MS) region Geneva at just under CHF 200 per sqm and year. However, rents for industrial

Property likewise move within a certain range depending on the Property and locational quality. Thus, asking rents of between CHF 220 and CHF 320 per sqm and year are observed for industrial Properties with good to very good locational quality, respectively, across Switzerland as a whole. In Geneva, the upper range for industrial asking rents extends to nearly CHF 380 per sqm and year, compared with just CHF 200 in cheaper locations such as Solothurn and Brugg-Zurzach.

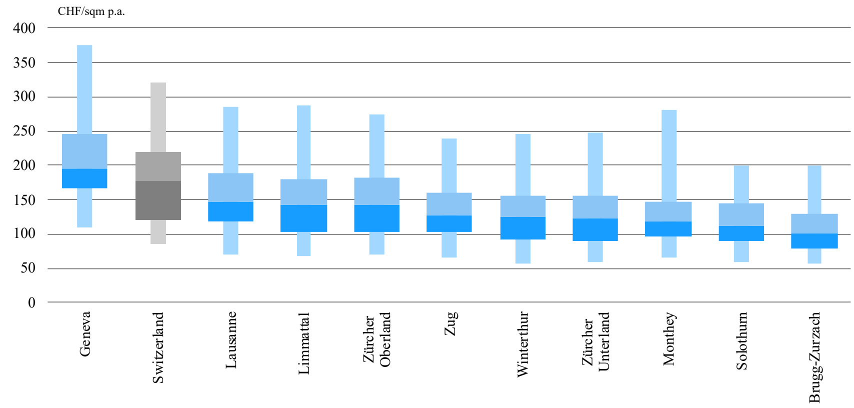


Figure 12 of the Market Report: Asking rents for industrial space in selected spatial mobility (MS) regions (as of second quarter of 2021). Source: Wüest Partner.

Industrial space that is solely used for storage and warehousing purposes typically yields a lower Property Income than areas that are used for production and associated activities. The median asking rent for storage space is around CHF 100 per sqm and year in Switzerland as a whole, ranging up to CHF 175 per sqm and year and above in the 90th percentile segment. Asking rents differ according to size of the storage space with higher rents being achievable for larger outlets.

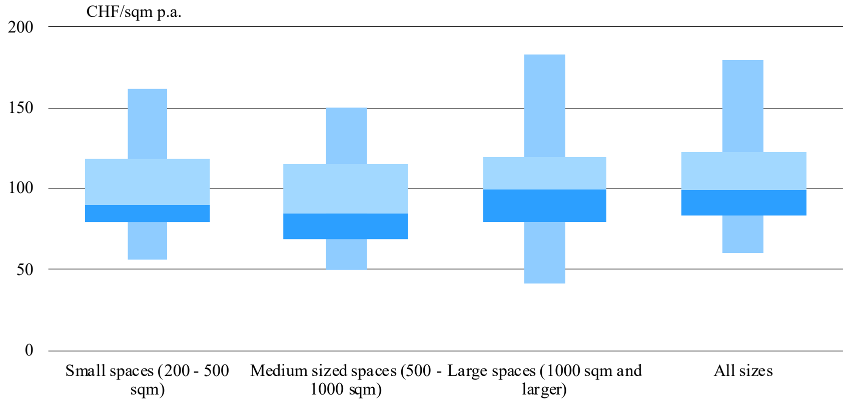


Figure 13 of the Market Report: Asking rents for storage space by floorspace size (CHF per sqm and year, as of second quarter of 2021). Source: Wüest Partner.

Outlook and impacts from COVID-19 pandemic

The Swiss office space market was on a stable footing at the beginning of 2020, thanks primarily to the growth in service sector employment in recent years. In addition to that, the office space markets are benefiting from the fact that their end users were able to maintain operations despite various restrictions by working from home. Going forward, increasing home office activities may now have a dampening effect on office space demand. At the same time however, this is likely to be mitigated by steady growth of the tertiary sector.

The Swiss industrial Property segment is robust and there are no signs of excessive levels of new construction in this segment. Within the overall market for industrial space, the e-commerce sector is developing into an increasingly attractive and steadily growing driver of demand for space. Due to the growth in online shopping, which has been accelerated as a result of the COVID-19 pandemic, a growing volume of logistics, storage and automated warehousing space may be required in future. As such the outlook for the logistics sector is all in all favourable.

Conclusions for the HIAG Investment Properties Portfolio and development projects:

Even though average yields for commercial Properties have recently stopped falling in 2021, the willingness to pay for high-quality and well positioned commercial Properties with creditworthy tenants remains high.

The stable development of rents in all commercial segments, even during the period of the COVID-19 pandemic, illustrates the solid market environment for HIAG.

In the commercial markets of the major economic regions, where the HIAG Investment Properties Portfolio is located, continuous growth developments and limited land resources are evident, thus stable or even rising rents can be expected

Residential market

Returns

Due to the prevailing low interest rate environment, the interest of investors and project developers in real estate investments is very lively. Well-located residential Properties with stable cash flows are particularly sought after. In view of the continuing strong demand for multi-family houses, it is not surprising that initial yields continue to fall. Thus, the gross initial yield for the transactions of residential Properties, that were monitored by Wüest Partner, has fallen from 5.8% in 2011 to 3.3% on average in the first half of 2021. Prime yields (residential Properties, net) in the second quarter of 2021 were 1.3% in Zurich and 1.6% in Geneva.

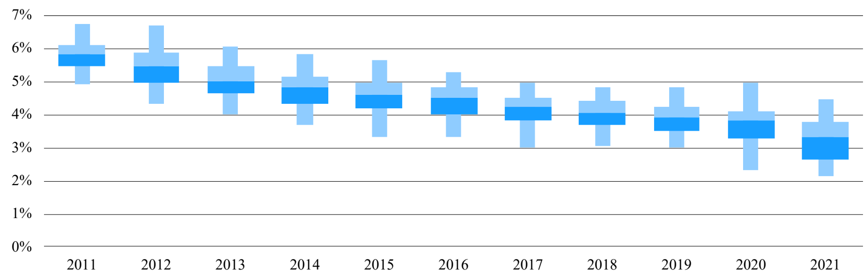


Figure 14 of the Market Report: Gross initial yields for real estate transactions in Switzerland (percentiles, as of second quarter of 2021). Source: Wüest Partner.

Construction activity

Residential construction is responsible for the largest part of construction expenditure in Switzerland. Low interest rates, continuous immigration and rising household income have given the Swiss housing market a clear boost and triggered a strong expansion in the last few years, especially in the multi-family housing segment. Within the multi-family housing segment, the rental sector in particular has seen a strong expansion in the volume of newly constructed Properties in recent years. Around 70% of housing production in terms of units is attributable to the rental segment, and approximately 64% of all units in Switzerland today are rental apartments and houses.

In the last two (2) years, the volume of building permits for rental flats had been declining slightly, but latest data suggest that new construction activity in the rental housing market is gaining momentum once again. For the year 2021, it is expected that new construction of multi-family buildings will increase slightly, whereby the construction of rental buildings is being pushed. The currently planned investment volume shows that the initial restraint of project developers due to the COVID-19 pandemic has decreased and confidence in the future demand of housing has returned.

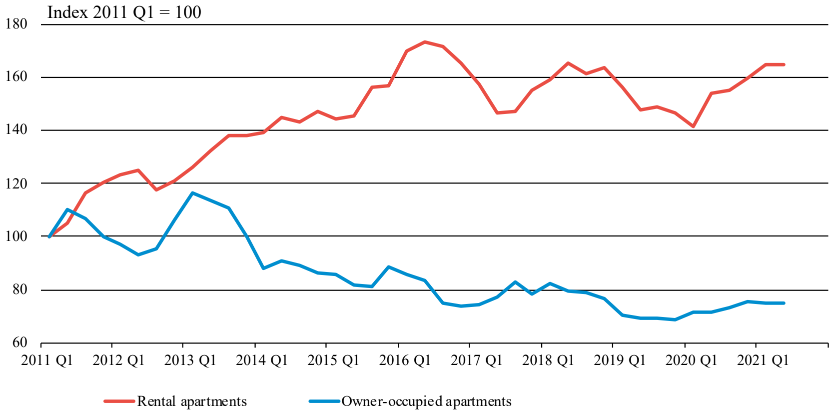


Figure 15 of the Market Report: Development of costs for building applications (as of second quarter 2021). Source: Baublatt-Infodienst.

Current developments are likely to further increase the already high production of rental housing. However, there are signs that rental apartment construction is driven first and foremost by those regions that exhibit relatively low vacancy figures. In addition, new rental apartments on greenfield Sites are becoming an increasing rarity, with the majority being replacement new-builds. This means that, while new living space is being created, this often occurs at the cost of existing living space.

Supply and vacancy rates

Rental apartments

Switzerland's rental housing market has been characterised by high capacities for some years now, as indicated by rising supply and vacancy rates. In the second quarter of 2021 the supply rate (measured as the number of available premises as a proportion of the total stock) was 6.7%, which is slightly down from the same quarter of the previous year, but still above the 10-year average of 6.2%. Nonetheless, some areas are short of supply. Especially in major centres and surrounding municipalities, the number of advertised rental apartments has decreased. For example, the city of Zurich is one of the areas in which the demand pressure can be felt most keenly. Likewise in the Canton of Zug, the supply of rental apartments is as low as 2.6% of stock and hardly any rental apartments are left vacant.

Most recently published statistics show that the overall residential vacancy rate for Switzerland has declined for the first time in 12 years. According to the FSO, 71,400 residential units were counted as vacant in June 2021 across the country, which corresponds to a decline of 7,500 units (–9.5%). Therefore, the overall vacancy rate for the Swiss housing market fell from 1.7% to 1.5% between 2020 and 2021. The decline in vacancies was particularly marked for newly built residential units, and generally in the Zurich and central Switzerland regions. Furthermore, while a sharp decline can be observed in the owner-occupied market, vacancies of rental apartments also fell significantly: The vacancy rate for the Swiss rental housing market declined from 2.7% to 2.5% between 2020 and 2021.

However, given the buoyant construction activity in the rental housing market, there are still some vacancy risks, with supply continuing to outstrip actual demand in some (mainly more peripheral) areas of Switzerland.

Owner-occupied apartments

As opposed to the rental housing market, supply has become scarce in the owner-occupied residential segment and the willingness to buy is supported by the rising popularity of homeownership as well as persistently low mortgage interest rates. The number of owner-occupied apartments on the market declined by almost a fifth between mid-2020 and mid-2021. The average Swiss supply rate stood at 4.3% in the second quarter of 2021. Market conditions are relatively tight in the Zurich region, where supply rates of 3% or less are observed. Hardly anything is on offer in Zug, where less than 1% of the total stock of owner-occupied apartments were available to buy in the second quarter of 2021. For every apartment that is offered on the market in Zug, there were more than 15 online search subscriptions in August 2021.

Price level

Median asking rents of CHF 330 can typically be seen in the city of Zurich, ranging up to 650 per sqm and year (90th percentile); in the Zurich Oberland region, the median asking rent is a significantly lower at CHF 220 per sqm and year.

In the Zug region (where the municipality of Cham is located), the median asking rent is CHF 290 per sqm and year, and therefore well above the national average of just under CHF 190 per sqm and year.

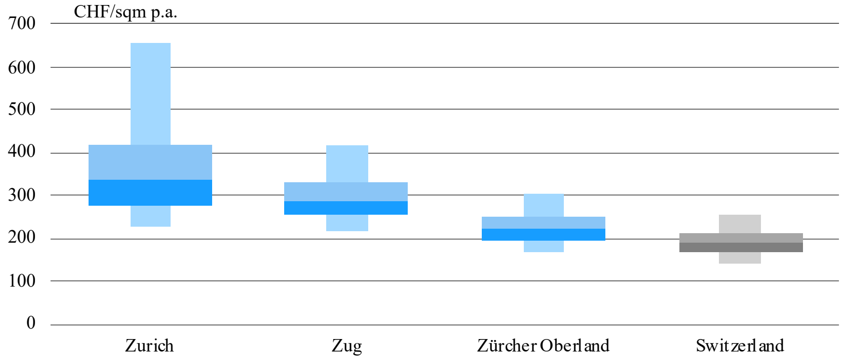


Figure 16 of the Market Report: Asking rents for rental apartments in selected spatial mobility (MS) regions (as of second quarter of 2021). Source: Wüest Partner.

In the owner-occupied segment too, the strong demand pressures in the Zurich and Zug regions are keenly felt: In the second quarter of 2021, one sqm of residential space attracted an average asking price of around CHF 14,100 and CHF 11,800, respectively. However, prices of CHF 17,000 to CHF 20,000 per sqm – and in some cases significantly more – can be seen in the case of upmarket Properties in very good locations. In the Zurich Oberland region, the average asking price per sqm of residential space is around CHF 8,100 compared with a national average of CHF 7,400.

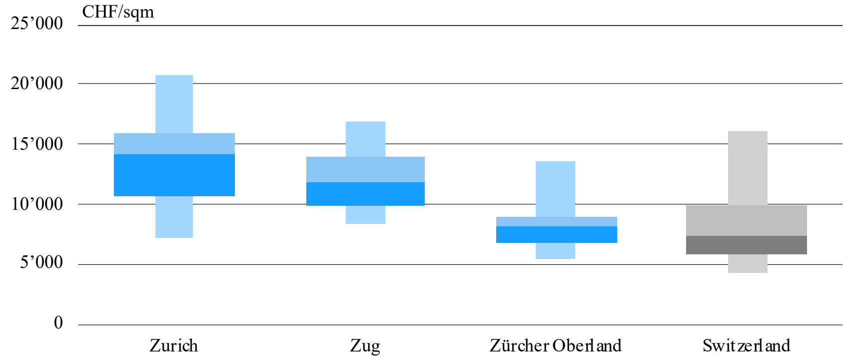


Figure 17 of the Market Report: Asking prices for owner-occupied apartments in selected spatial mobility (MS) regions (as of second quarter of 2021). Source: Wüest Partner.

Price development

Rental apartments

Asking rents in the Swiss housing market rose steadily up until 2015 but have since declined mainly due to rising supply levels. In the second quarter of 2021, the national index for asking rents was exactly at the same level as ten (10) years ago. However, the quality-adjusted index for contractually agreed rents in Switzerland continued to increase. This means that today, a medium-sized rental apartment in a good location is let for 10% more on average than in the second quarter of 2011.

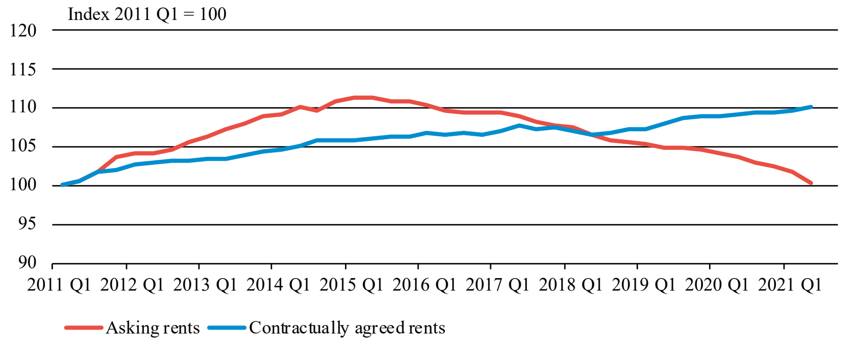


Figure 18 of the Market Report: Development of asking prices and contractually agreed rents for rental apartments in Switzerland (as of second quarter of 2021). Source: Wüest Partner.

Owner-occupied apartments

Attractive financing conditions and strong demand growth have led to price increases on the Swiss residential markets in recent years. Low mortgage interest rates remain one the drivers today. Transaction prices for owner-occupied apartments have risen sharply in the last few years and reached new highs in the second quarter of 2021. Compared to the same quarter of the previous year, owner-occupied apartments appreciated by 6.8% across Switzerland. The reasons for the latest market development can be found in the further increase in demand coupled with declining supply. Further price increases are expected in the second half of 2021, as the economy has already bounced back from the COVID-19 pandemic and the supply of Properties for sale is likely to remain low for the time being.

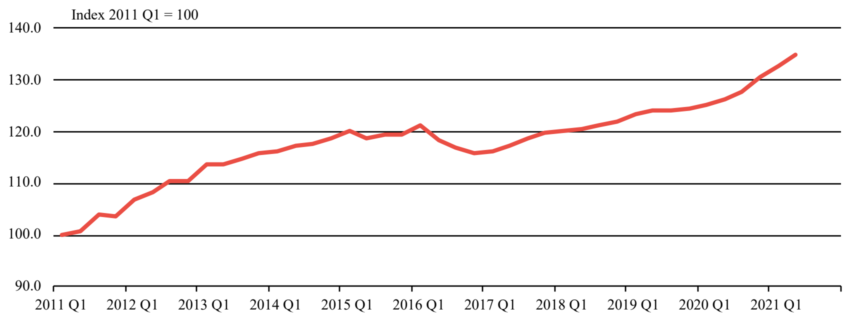


Figure 19 of the Market Report: Quality-adjusted transaction price index for owner-occupied apartments in Switzerland (as of second quarter of 2021). Source: Wüest Partner.

In recent years the housing markets in a few hotspots, for example the greater Zurich area and central Switzerland, have been marked by sharp price increases. These developments have led to speculation that this could constitute the formation of a price bubble. On a national level, however, this phenomenon is not likely to be a cause for concern. Unlike in a few other countries, the vast majority of residential Property transactions are carried out by owner-occupiers. To this extent it must be assumed that the prices for residential Property were not driven up by speculative purchases.

Outlook and expected impacts from the COVID-19 pandemic

Residential Property experienced a remarkable demand in the year 2020 and the first half of 2021, which also lead to an increase in prices. Ongoing population growth and a change in housing needs due to the COVID-19 pandemic is likely to stimulate demand for residential Properties in the foreseeable future. In particular, there is a greater need for additional living space as well as private outdoor space as a result of the increased acceptance of working from home – and as such, additional time that is spent at home. Also, the persistently low mortgage interest rates continue to drive the demand for owner-occupied apartments.

Conclusions for the HIAG Investment Properties Portfolio and development projects:

Investments in multi-family houses were in high demand and yields fell to record low levels in the year 2021. The Swiss residential market is considered as very attractive by private as well as institutional investors.

Although construction activity has led to rising supply levels in some regions, the decline in the overall Swiss residential vacancy rate between June 2020 and June 2021 demonstrates the strong and ongoing housing demand, particularly for good quality apartments.

The 24% decline in in the vacancy rate for newly built housing in Switzerland between June 2020 and June 2021 underlines the attractiveness of new developments in the residential sector as shown by HIAG.

Planned residential developments in the Zurich region and in central Switzerland, in particular, are well positioned to be absorbed quickly as these regions are characterised by scarce supply and a solid demand outlook. This is true for both rental as well as owner-occupied apartments, with surplus demand being particularly evident in the owner-occupied market segment.

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9. BUSINESS ACTIVITIES

Activities of the Company

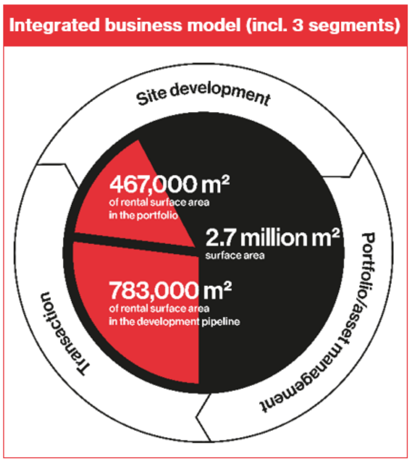
HIAG is a leading player in real estate development and management of commercial and selected residential Properties in Switzerland. The Group focuses on large, well-positioned Sites with good transport connections and significant development potential in densely populated regions in the economic core regions in the German- and French-speaking Switzerland. HIAG's business model focuses on creating destinations that offer people living space and company's room to flourish in the long term. The two (2) main segments of HIAG's business are the Yielding Portfolio and Development Portfolio, see "*– HIAG's Investment Properties Portfolio*".

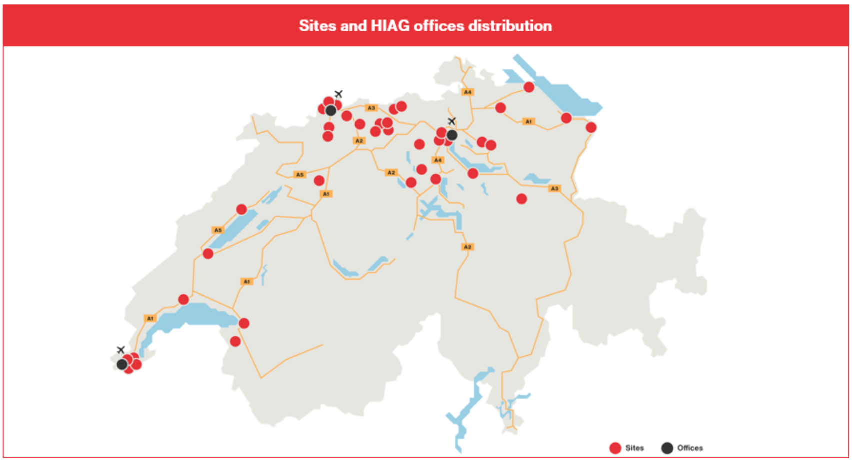
The HIAG Group pursues an integrated business model that covers the entire life cycle of a Property. The core of HIAG's business model is (i) sustainable Site and project development, (ii) active portfolio and asset management, as well as the Group's own commercial and technical facility management, the real estate portfolio is continuously optimised by the (iii) transaction management with a focus on value generation over generations through acquisitions and sales within the value chain.

The basis of HIAG's business model is the Development Portfolio with its outstanding project pipeline and the existing Yielding Portfolio with a stable Property Income situation of long-term leased commercial, office and logistics Properties as well as selected residential Properties.

HIAG's strategic success positions are the real estate portfolio on large Sites with cross-generational development potential, employees with proven know-how and a long track record, excellent reputation as a reliable partner, a long-term oriented anchor-shareholder as well as the financial strength of a listed company.

The graphics below display HIAG's strategy and business model as well as the Site distribution and HIAG's offices:





Business segments

HIAG's real estate business is summarized in two main segments Yielding Portfolio and Development Portfolio. The Yielding Portfolio comprises Properties for which currently no development is planned and which are intended to generate a stable and predictable income, while the Development Portfolio is including properties under construction and properties for which development are planned in the short-, mid-, or long-term.

Furthermore, HIAG's business activities includes beside to the real estate business the segment "Cloud Services" and "Others". On 13 August 2019, the Board of Directors decided to continue the "Cloud Services" segment on a non-operational basis with the exception of the leasing activities of the existing infrastructure, which finally ends on 31 December 2021. As of 17 August 2021 (daily register date), HIAG Data AG, Zurich, the Company's subsidiary that provided services for the "Cloud Services" segment, has been renamed to HIAG Immobilien AG, Zurich, which will be exclusively a real estate company. The segment "Others" contains ancillary activities of the Group and the activities from the metal recycling business of Jaeger et Bosshard SA, Lancy, which was acquired in the 2019 financial year for the purpose of land consolidation in Geneva-Lancy. In addition, the segment "Others" contains activities in the area of employee benefits and personnel services. These activities include fees for services to the pension funds, as well as general human resources functions.

Core competencies

HIAG's core competence is Site development and the operational management excellence along the entire value chain during the life cycle of a Property, HIAG strives for long-term qualitative growth and high overall profitability.

The continuously increasing Property Income base of the existing Investment Properties Portfolio enables stable cash flow returns and sustainable increases in value to be realised through the cross-generational project pipeline.

HIAG's strong market position in German- and French-speaking Switzerland is actively used to continuously optimise the Investment Properties Portfolio and to continually extend the project pipeline. In doing so, HIAG consistently uses its strength as a listed real estate company with a long-term oriented anchor shareholder, as well as its open corporate culture with short decision-making processes and its high level of client orientation, to proactively and innovatively exploit market developments.

Expertise in Site development

HIAG's Site development focuses on sustainable and long-term value creation in the interest of stakeholders and society. A first significant part of the increase in value is created through the (i) realisation of higher-value uses and higher density framework conditions on the Sites with the use of suitable planning instruments under building law. This can include special use planning or other planning law instruments such as rezoning. A further part of the value creation takes place through the (ii) settlement of temporary uses, with which a steady cash flow can be generated until the start of construction. Additional potential significant value uplift is mainly based upon (iii) the identification of uses that create the highest possible added value to its potential tenants from a long-term perspective, (iv) the marketing of these uses and the steering of the permission and planning process and (v) construction cost management during the development process.

HIAG understands Site development to be the entire process in which a historically grown Site is transferred into a new long-term utilisation cycle. This can involve very long-term projects in which the development process includes all defining factors from the building to the Site infrastructure and mobility planning. This development not only influences buildings, but also Site infrastructures, including transport connections, which have a significant impact on the high-quality densification of the Sites. By attracting companies and actively designing and curating the local range of services, HIAG additionally increases the attractiveness of the locations and neighbourhoods. This creates destinations that offer people and companies space for long-term flourishing. The focus is on direct and personal contact with anchor tenants, the cantonal and local authorities and other stakeholders. This allows HIAG to respond specifically to the needs of its users and to implement tailor-made solutions.

Real estate development focuses on the following areas:

- Site/project development and the construction of new Investment Properties for the Company's own portfolio or for later sale in the sense of capital recycling for investment opportunities in further projects;
- Further development and optimisation of its own Investment Properties Portfolio;
- Development, construction and sale of home ownership Properties.

HIAG is a specialist for complex development projects due to:

- long-term investment and development horizon;
- complex framework conditions under building law and private law;
- gradual activation possibilities through interim and transitional uses;
- proven experience in dealing with pollutants and contaminated Sites;
- ability to carry out study commissions and competitions for urban planning and architecture with large teams of specialist planners;
- sensitive handling of protected buildings as a valuable genius loci for identity-creating project developments;
- early involvement and cooperation with authorities, politics and the population for broader acceptance by the relevant stakeholders.
- Early cooperation with partners from politics (municipality, monument preservation, transport, participation processes support a broader acceptance in the population).

Expertise in portfolio-/ asset management

Active management by the portfolio and asset management of the Investment Properties Portfolio, direct contact with tenants, local authorities and other stakeholders, as well as the continuous optimisation and possible consolidation of the Sites with additional Properties, ensure the long-term stable value creation of the Investment Properties Portfolio. Based on Property strategies, the principles are defined to successfully position the Properties on the market in the long term and thus to continuously increase Property Income and the value of the Properties. The strategies and the Investment Properties Portfolio are optimised on an ongoing basis. Maintaining close relationships with tenants, a high occupancy rate through effective marketing strategies, and the optimisation of operating and maintenance costs allows the consistently aim for value preservation and increase of the Properties.

HIAG relies on a comprehensive range of services from a single source: active and efficient Property management, personal tenant support and the coordination of building services are carried out locally by our own specialists, where this makes sense.

Expertise in transaction management

HIAG realises transactions as a supplement to organic growth as well as for the qualitative optimisation of the Investment Properties Portfolio. The focus is on industrial Sites and Properties that are on the edge of a new life cycle: former production Sites, commercial, logistics and office Properties, warehouses and mixed-use commercial Properties. Other possible candidates are former industrial Sites that can be put to a new use, residential Properties that have attractive utilisation reserves, development Sites and Properties to round off existing Sites. HIAG concentrates on Sites in core economic regions and future-oriented growth regions such as cities and larger municipalities in German- and French-speaking Switzerland.

The sale of Sites that have been developed to increase their value and of Properties whose potential for value appreciation has been exhausted, as well as of promotion Properties, continuously increases the quality of the Investment Properties Portfolio and ensures HIAG's financial flexibility through the inflow of funds from the divestments.

Sustainability

For us, sustainable business management means taking responsibility. To this end, we align our business activities with the well-known national and international sustainability guidelines and sustainability targets. For example, HIAG has long been committed to the United Nations' Agenda 2030. This claim challenges us on an ecological, social, and economic level. However, we are convinced that continuous progress in our sustainability performance helps us to identify entrepreneurial opportunities and risks early on and to create excellent living spaces. In this way, we create both social value and entrepreneurial success.

HIAG is aware that meaningful sustainability reporting is of great importance to investors and other stakeholders. HIAG aims to successively increase the transparency and comparability of the reporting and gradually publish more quantitative information. Sustainability reporting for the 2021 financial year is therefore already be carried out according to the Global Reporting Initiative (*GRI*) standard "Option Core". HIAG is also going to participate in the most important national and international sustainability assessments. These are the Global Real Estate Sustainability Benchmark (*GRESB*) and the Swiss ESG Impact Rating by Inrate ("**ESG**"). HIAG strives to continuously improving its performance. In the medium term, HIAG aims to achieve an above-average ESG ranking compared to the rest of the industry. To meet this aspiration, a new position as "Sustainability Project Manager" was created in 2021.

HIAG wants to set trends with innovative projects and thus create ecological, economic, and social value. By revitalising existing Sites, we believe to make an important contribution against undesirable urban sprawl and the loss of valuable cultivated land. At the same time, HIAG cleans the contaminated soil left behind by former industrial users and previous owners. By re-using as much existing building substance as possible, HIAG believes to make an important contribution to the circular economy and avoids the use of grey energy in the construction of new buildings. Furthermore, HIAG consistently involves the local population and affected interest groups in the development of new Sites, preserves valuable historical testimonials and considers the strengthening of biodiversity in its projects. The gradual renewal of the existing real estate portfolio or the joint venture HIAG Solar (as defined below) launched in 2021 are further measures to reduce CO_2 emissions. Together with our partner aventron solar AG, an established producer of electricity from renewable energies based in Münchenstein (BL), we want to further expand the production of solar energy on the Properties in our Investment Property Portfolio.

These selected efforts are good examples of the path we have chosen. We are consistently pursuing and supplementing this path with further measures in the coming years. For example, through a CO_2 reduction path across the HIAG Investment Properties. We believe that this will result in long-term added value for shareholders, users, society, and the environment.

Strategy

General

HIAG aims to be the leading player in long-term reuse and development of mainly Commercial Sites and selected residential Properties in Switzerland. HIAG also aims to achieve high and above-average returns by using its strong position in German-speaking and French-speaking Switzerland, and continually expanding its multifaceted, geographically diversified Investment Properties Portfolio.

HIAG's business is focused on industrial, office and logistics Properties as well as selected residential Properties at well-connected Sites in future-oriented growth regions along the main traffic axes. HIAG concentrates on sustainable development and the active management of its Properties over the entire cycle from interim use to creation and until after completion.

The Group's objective is to continue creating above average returns for its shareholders by building on its strengths, its focused business model and its strong project pipeline consisting of around 60 potential development projects. HIAG has several value drivers that work together to generate attractive overall returns for shareholders. Thanks to a diversified and high-quality group of tenants, the Investment Properties Portfolio provides stable and projectable income and therefore supports the distribution of constant dividend.

HIAG invests in infrastructure wherever its integration at the Site provides an economic or environmental benefit. For that reason, HIAG has several hydroelectric plants in its Investment Properties Portfolio and invests in power plant infrastructure only in its Investment Properties Portfolio with its new joint venture HIAG Solar (as defined below).

Further enhancing the performance of HIAG's Yielding Portfolio

HIAG strives to create destinations that offer people living space and companies space for long-term development, as well as to maintain and continuously develop them. With each improvement step, the Group strives to create the most meaningful and thus highest possible value for the tenants' use. The development of spaces is therefore constantly driven forward.

Within its Yielding Portfolio, the company intends to further increase the occupancy rate, especially for Properties that are being repositioned, in order to maximise the potential of its Investment Properties Portfolio. In addition, the Company aims to continuously increase the potential of its Yielding Portfolio: Each step in the development of HIAG's tenants, enables the Group to simultaneously further improve the quality of the location, raise the rent to current market levels and conclude new long-term leases.

Continue valuation creation in existing HIAG's Development Portfolio

By focusing on the transition to a new real estate life cycle, HIAG intends to gradually release the great potential of the existing Development Portfolio. The Group currently plans to create an additional usable area of approximately 783,00 sqm in the short-, medium- and long-term. The upcoming 14 projects over the next three (3) to four (4) years consist additional usable space of approximately 109,000 sqm, including around 210 residential units, The expected Potential Property Income of these projects is CHFm 21.8 and the expected sales income of the promotion projects is CHFm 72.0. The expected required investment amounts to CHFm 346.0. For information on the current development projects (3-year to 4-year horizon), see "*BUSINESS ACTIVITIES – Project pipeline*".

One of the main drivers of value creation through this development is securing optimal tenants; therefore, the Group is focusing on the long-term development of Site-specific strengths and marketing these strengths to potential tenants. In order to recognise the potential and improve the acceptance of a future development, the Group actively involves important local stakeholders in the development and marketing process.

HIAG strives to act as a landlord for the long term and to further develop the locations through continuous improvements. These proceeds from capital recycling facilitate the financing of ongoing development activities. In view of the large number of development projects, the Group expects a continuous conversion of the Investment Properties Portfolio's potential into revaluation gains in the coming years.

Monitoring the market for potential on- and off-market acquisitions

HIAG has completed acquisitions at attractive price levels in the past. Through its broad internal competencies, the Group is able to enter in purchase processes of direct real estate as well as in alternative transaction forms such as sale-and-lease-back transactions, the acquisition of real estate companies and contributions in kind of real estate against the issue of new or existing shares (*Sacheinlage*), which can be particularly attractive for sellers. This, together with the Group's distinguishing ability to provide premises for large industrial companies, enables the Group to enter transactions with limited competition. Therefore, HIAG continues to constantly monitor the market for potential on- and off-market acquisitions through which to apply its price conscious and opportunistic approach.

Resilience and independence to stress in financial markets

Similar to the development of Sites and Properties, HIAG pursues a time horizon that goes beyond the current real estate cycle. The Group places great importance on optimising intermediaries and carefully prepares its development and communication strategy. In this way, the Group aims to avoid development pressure in short timeframes, which could jeopardise the Group's value enhancement objective.

HIAG is solidly financed with debt and equity. The debt is structured in a balanced manner with bank financing and bonds that have a remaining term of 2.4 years after the refinancing in July 2021. The Loan-to-Value Ratio (the "**LTV-Ratio**") is 51% and the equity ratio is 42.7% as of 30 June 2021. As of July 2021, the LTV-Ratio decreased below 50%. This financing structure provides to the Group a level of independence from stress in the finance industry, which might arise through market turmoil.

The Group intends to continuously extend the maturity of the unsecured bonds with long maturities and holds firm to its strategy with flexible and short-term mortgage-backed bank loan in the form of framework loans with a number of regional, well-established financial institutions, instead of large financing agreements at Group level. This strengthens the network of regional financial partners, providing a degree of independence from the financial industry.

The stable tenant profile combined with a conservative acquisition strategy will enable the Group to maintain the achieved values of its Investment Properties Portfolio even in market downturns and to be best positioned to take advantage of attractive opportunities as they may arise.

Key strengths

The Group believes that the following strengths will contribute to future growth, generation of resilient cash-flows and long-term shareholder value creation.

Significant value creation in property lifecycle

HIAG's expertise allows the Group to engage in the development of a Site or Property at a stage in the Property lifecycle at which there is significant value creation potential.

The value of a Site or Property at a late stage of its initial lifecycle typically reflects uses that have limited value added activities. Generally, the initiation of a new life cycle facilitates the development of the full potential of a Site, whose value might have also increased significantly over time due to the evolution of the surrounding community.

A first significant part of the increase in value is created through the (i) realisation of higher-value uses and higher density framework conditions on the Sites with the use of suitable planning instruments under building law. This can include special use planning or other planning law instruments such as rezoning. A further part of the value creation takes place through the (ii) settlement of temporary uses, with which a steady cash flow can be generated until the start of construction. Additional potential significant value uplift is mainly based upon (iii) the identification of uses that create the highest possible added value to its potential tenants from a long-term perspective, (iv) the marketing of these uses and the steering of the permission and planning process and (v) construction cost management during the development process. HIAG has a specialised business model focused on realising this potentially significant value of Sites in a post-industrial context.

Leadership in a market with attractive growth drivers

HIAG's positioning in the market is characterised by several distinct features. Firstly, the Group's development activities are complex – the majority of its current development projects are executed on Sites with an industrial history and significant development potential. Most of the non-residential Sites have a diversified multi-type tenant profile. The Group operates on large scale projects based on 46 Sites with an average effective Site area of approximately 41,000 sqm and a total Site area of 2.6 million sqm, of which 1.6 million sqm are zoned and built with a lettable area of approximately 467,000 sqm. Furthermore, the Group has an actual project pipeline on its own land comprising of about 60 projects with a development potential of 783,000 sqm usable area including 3,200 residential units and a total investment volume of CHFb 2.9. The corresponding Potential Property Income is CHFm 161.0 plus sales from promotion projects of CHFm 550.0.

The Group also benefits from experienced members of its Executive Board and Management Staff which have a diversified career and educational backgrounds. Expertise across technical, real estate and financial areas enable the Group to create value through industrial development, the latter being a strong distinguishing feature as compared to many other companies active in development of Properties. In addition, its large existing project pipeline on its own land gives the Group a significant competitive advantage and raises certain barriers to entry for competitors seeking to build a comparable Development Portfolio and track record.

The Properties of the Group with the focus on industry and light industrial uses with an attached office share are well positioned in the market with approximately 90% of the Investment Properties Portfolio being located in Switzerland's main economic regions around around Baden/Brugg, Zurich/Zug, Solothurn/Basel and Geneva. The shortage of land in these regions along with recent regulation limiting the possibility to (re)zone agricultural land, supports the need to densify and develop certain post-industrial areas.

The Group's leading position is further supported by the Swiss market's comparatively robust long-term macroeconomic variables and supportive demographics. The dynamics in the Swiss industrial sector and the ability of these industries to invest in optimising their processes create continuous conversion and expansion opportunities based on the shift in demand for industrial space from low-growth industrial sectors (e.g. wood and paper, textiles, chemicals) to high-growth industrial subsectors (e.g. mechanical engineering, metal and plastics processing, electronic equipment for the food and beverage industry, health and pharmaceutical industry and infrastructure for the public sector).

In addition, HIAG already has a considerable share of logistics centres and large warehouse areas in its Investment Properties Portfolio that can be used for various warehouse and logistics concepts (Brunegg (AG), Biberist (SO), Birsfelden (BL), Buchs (AG), Kleindöttingen (AG)). In Switzerland, a continuing additional demand for various logistics and storage areas is expected. In the future, demand is expected to increasingly be directed towards locations that can guarantee supply chains, even under extraordinary conditions. The demand for Properties close to urban centres is also expcted increase in order to be able to deliver the increasing number of online orders in the business to client (B2C) and business to business (*B2B*) sectors more cost-effectively and quickly. However, Properties that meet these requirement criteria are already very rare today. Logistics buildings require an above-average amount of land due to the delivery of goods by truck. The search for a location is therefore usually very challenging because sufficiently large parcels of land are rare in small-scale Switzerland. It is made even more difficult by the fact that the heavy traffic related to a logistics operation often meets with widespread disapproval and such construction projects are subject to corresponding opposition.

Due to the availability of very large areas of land in its Development Portfolio, HIAG has the possibility of settling various logistics uses at suitable locations (e.g. Winterthur (ZH), Bussigny (VD), Lupfig (AG), Biberist (SO), Dornach (SO), Brunegg (AG)). This ability will further strengthen HIAG's position in the logistics space market, which is expected to lead to increasing earnings and value growth for the Investment Properties Portfolio.

Comprehensive transaction knowledge and experience

HIAG's strong development activities of Sites with an industrial past, strengthens the Group's general positioning in the Swiss real estate market. The Group also leverages its relationships and access into the transaction market and has therefore around 60% of its recent acquisitions in "off-market" transactions completed.

HIAG has a recognised knowledge in the direct purchase and sale of real estate as well as in alternative transaction forms such as sale-and-lease-back transactions, the acquisition of real estate companies and contributions in kind of real estate against the issue of new or existing shares (*Sacheinlage*). This comprehensive transaction experience, short decision-making channels and a specific process design promote flexible and fast project handling. Transparent processes are emphasised, and a hand is offered for individual solutions e.g. in terms of tax optimised transaction structures.

Track record of strong Investment Properties Portfolio and Property Income growth

HIAG has a proven track record of delivering growth and at the same time strong returns for its shareholders. The Group's Investment Properties Portfolio has grown by about 250% from about CHFm 707.0 as of 31 December 2010 to about CHFb 1.8 as of 30 June 2021. Since the Company's initial public offering (*IPO*) in May 2014, there was a growth of the Investment Properties Portfolio's Fair Value by 59% from CHFb 1.1 as of 30 June 2014 to CHFb 1.8 as of 30 June 2021 and the Annualised Property Income has raised in this period by 31% from CHFm 50.0 to CHFm 65.7. This shows that the Group is able to successfully find and acquire new Sites, realise extensive investment and development plans and achieve revaluation gains, which are primarily due to development activity rather than market developments through yield compression.

Strategic focus and differentiated real estate investment proposition

HIAG has a strategic focus on what it regards as the most profitable activities in the real estate value chain. Key processes, e.g. the acquisition of Sites, the steering of permission processes, development planning, letting and Property transaction activities are primarily completed in-house. Facility management is also completed in-house onsite in certain cases where the Group considers it is important to be "close to the asset", e.g. development activities on Sites and temporary uses with an industrial context. Areas which are subject to potentially higher market competition, have comparatively lower margins or are more resource intensive are outsourced, e.g. architectural and technical planning, construction work or facility management for common Yielding Properties.

HIAG combines the holding of Yielding Properties with other Sites having specialised development potential. The Group believes that this, together with its sizeable land bank and proven ability to conduct development on Sites with industrial context, are the main differentiating factors setting it apart from other listed companies in the Swiss real estate sector.

Multiple performance drivers

HIAG has multiple growth drivers to generate attractive returns for shareholders. The Yielding Portfolio is intended to generate a relatively stable and predictable income based on its diversified usages and high-quality tenant base. The weighted average lease term of the Yielding Portfolio is 8.1 years. As of 30 June 2021, the Fair Value was CHFb 1.2 and the Potential Property Income of CHFm 60.0 which corresponds to a gross yield of 5.2%. The comparison between the cost of debt capital of 0.9% and the net yield of 3.7% achieved on the Yielding Portfolio shows a still attractive interest spread of 2.8%.

The Development Portfolio is expected to be a key driver of future NAV growth. As of 30 June 2021, the Fair Value was CHFm 617.0 and the gross yield was 2.2%. Based on the current plans of the Group, approximately 783,000 sqm effective usable area are planned for development. Furthermore, HIAG is expecting to generate proceeds through capital recycling partially driven by cycle-optimised sales of promotion projects of approximately CHFm 550.0.

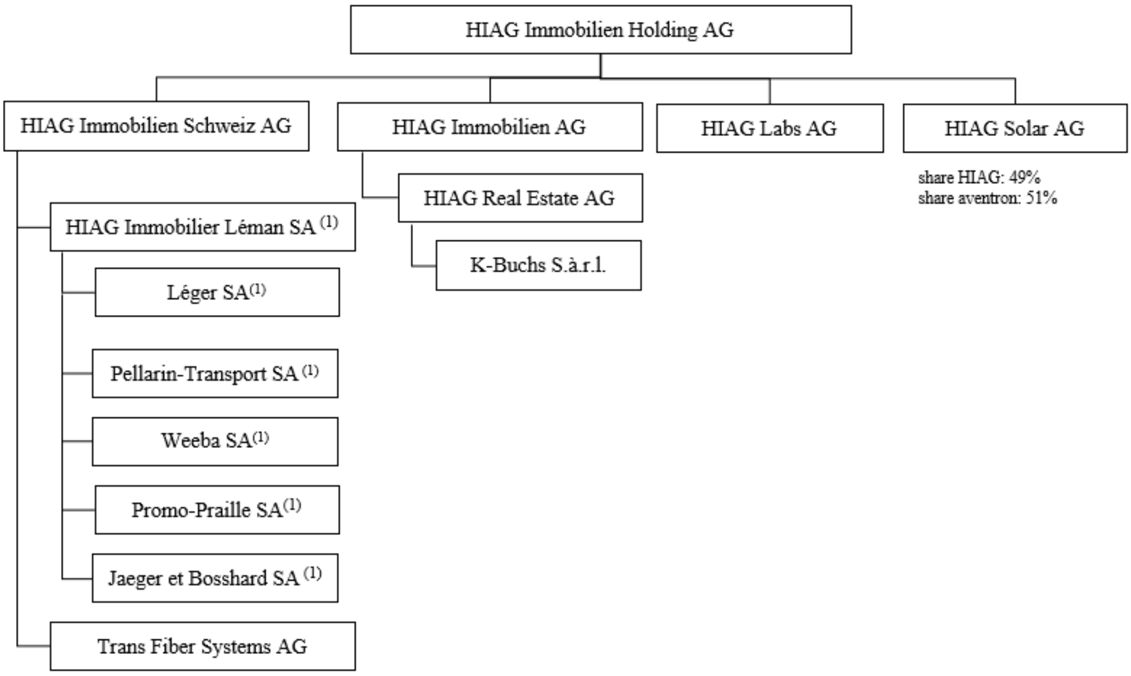
Furthermore, the sale of non-strategic Properties is also planned in the sense of capital recycling. These are Properties that are not in line with HIAG's strategy in terms of type of use, user and location, or that require too much management/maintenance, or Properties whose potential has been exhausted and which no longer offer HIAG any potential within the scope of its strategy and generate attractive sales proceeds in relation to the return. The proceeds from such capital recycling are planned to primary support Capex for the project pipeline and secondary for potential acquisitions. Since autumn 2020 until August 2021, HIAG has already sold Properties in the amount of CHFm 40.0 (Fair Value) with a gross sales profit of 20% on average. In addition, successful Property acquisitions in 2020 and 2021 in the amount of approximately CHFm 97.0 resulted in a valuation gain before deferred taxes of approximately 14%.

Subject to a stable market environment, all Group's business segments are expected to continue to generate significant contributions to the Group result. The main contribution will continue to come from operating income. Positive changes in value in the Yielding Portfolio are still possible through active portfolio management with new leases and an increase in the occupancy rate, as well as through selective rent increases in certain use segments. Large development gains in the form of positive valuation effects are expected as a result of the increasing development activity and project progress in the coming years. In addition, it is intended to achieve sales profits and valuation gains through targeted sales of Properties and opportunistic acquisitions of Properties. In total, the earnings per share should continuously increase from improved operating income and development gains as well as from cost efficiency increases.

Group structure and recent restructuring

Today's Group structure

The Company is a holding company and does not conduct any business operations. It owns the shares of its subsidiaries directly or indirectly. The Group structure as of the date of this Prospectus is as follows:



(1) *The companies Léger SA, Lancy, Pellarin-Transports SA, Lancy, Weeba SA, Lancy, Promo-Praille SA, Lancy, and Jaeger et Bosshard SA, Lancy, each own about 14.3% and HIAG Immobilien Schweiz AG, Baar, about 28.6% of the "Société coopérative en faveur du développement des terrains industriels de la Praille-Sud", Geneva ("**SCOOP**"). The Group has 100% ownership of SCOOP.*

All of the above entities (other than the Company itself and HIAG Solar (as defined below), see " – *Joint venture with aventron*") are wholly owned and are indirect or direct subsidiaries of the Company. All Group companies are incorporated under Swiss law and domiciled in Switzerland. For further general information on the organisation, services and purposes of the entities within the Group, we state as follows:

- The real estate assets of the Group are predominantly held by HIAG Immobilien Schweiz AG, Baar ("**HIAGIS**"). HIAGIS also renders services in the area of employee pension funds.
- Since 1 January 2021, HIAG Real Estate AG's, Zurich (formerly Marbell AG), purpose is to hold, develop and sell Properties in line with HIAG's strategy.
- Since 17 August 2021, HIAG Immobilien AG's, Zurich (formerly HIAG Data AG), purpose is to hold, develop and sell Properties in line with HIAG's strategy.
- Jaeger et Bosshard SA, Lancy, specialises in metal recycling. In addition to this business, the Company also holds a share of the Site "Porte Sud" in Lancy, Geneva. The former owner of the company is operating the metal recycling business on behalf of HIAG.
- On 26 April 2021, 100% of the shares of K-Buchs S.à.r.l., Luxembourg, were acquired. In the second half of 2021, a transfer of assets to HIAG Real Estate AG, Zurich, with subsequent liquidation of K-Buchs S.à.r.l., Luxembourg, is planned.
- HIAG Solar AG, Münchenstein ("**HIAG Solar**"), was founded as of 5 March 2021 in cooperation with aventron solar AG. HIAG holds 49% and aventron 51% of the company. The valuation is carried out using the equity method.
- All other companies are real estate companies within the scope of HIAG's strategy with the purposes of maintaining, developing and selling Properties.

Material equity holdings

The following chart outlines equity holdings of the Company in real estate companies that constitute at least 10% of the Company's consolidated total assets as of 30 June 2021.

Real estate company	Company's stake(1)	Percentage of Company's consolidated total assets(2)
HIAG Immobilien Schweiz AG	100%	66.3%

(1) *Voting rights and share capital as of 30 June 2021.*

(2) *As of 30 June 2021.*

Joint venture with aventron

The Company and aventron solar AG, an established producer of electricity from renewable energies based in Münchenstein (BL), established in 2021 HIAG Solar AG (CHE-191.218.421) as a joint venture. HIAG holds 49% and aventron 51% of HIAG Solar. The aim of this company is to expand solar power production on the Properties in HIAG's Investment Properties Portfolio in the long term.

Recent restructuring of Group structure

Since 30 June 2021, the following restructuring measures lead to today's Group structure:

- With effect as of 3 July 2021 (daily register date), HIAG Data AG (CHE-175.797.334) has changed its firm name into HIAG Immobilien AG.

HIAG's Investment Properties Portfolio

Overview

As of 30 June 2021, HIAG's Investment Properties Portfolio comprised 118 Properties on 46 Sites and was valued at CHFb 1.8. The Group's Investment Properties Portfolio included a lettable area of approximately 624,600 sqm with an Annualised Property Income of CHFm 65.7 and a Potential Property Income of CHFm 73.7. The Group's Investment Properties Portfolio is diversified with significant exposure to industrial, logistics, residential, retail and office use. The Group's net asset value amounted to CHFm 785.0. The loan to value-ratio was 51.0% as of 30 June 2021.

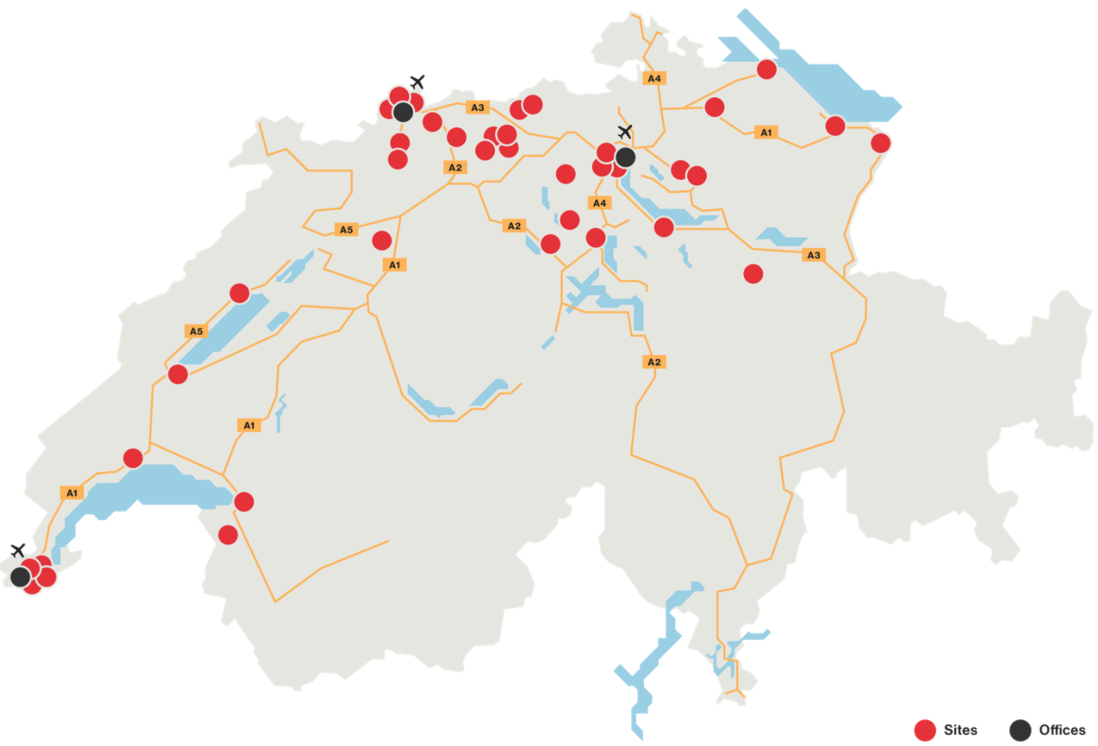
As of 30 June 2021, the Yielding Portfolio consisted of 74 Properties with a lettable area of approximately 467,400 sqm, a Potential Property Income of CHFm 60.0 and a Fair Value of CHFb 1.2. The occupancy rate in the Yielding Portfolio amounted to 90.3%. The top five (5) Sites and their respective Fair Values in the Yielding Portfolio were Dietikon, ZH (CHFm 141.4), Meyrin, GE (CHFm 107.0), Kleindöttingen, AG (CHFm 96.5), Goldach, SG (CHFm 69.0), and Windisch, AG (CHFm 68.1). In total, these top five (5) Sites accounted for about 42% of the Yielding Portfolio's Fair Value.

As of 30 June 2021, the Development Portfolio consisted of 44 Properties with a lettable area of approximately 157,200 sqm, a Potential Property Income of CHFm 13.7 and a Fair Value of CHFm 617.1. The occupancy rate in the Development Portfolio amounted to 84.2%. The top five (5) Sites and their respective Fair Values in the Development Portfolio were Cham, ZG (CHFm 89.2), Meyrin, GE (CHFm 71.8), Niederhasli, ZH (CHFm 103.9), Lancy, GE (CHFm 49.3), and Altstetten, ZH (CHFm 47.2). In total, these top five (5) Sites accounted for about 59% of the Development Portfolio's Fair Value. The Group currently pursues about 60 short-, mid- and long-term development projects.

Including the two (2) Properties under construction (LEM Meyrin (GE) and XXXLutz Dietikon (ZH)), the Group currently pursues about 60 potential short-, mid- and long-term development projects. Of these, 14 development projects with about 109,000 sqm of usable space and an expected investment volume of CHFm 346.0 are to be initiated in the next three (3) to four (4) years. After completion and full occupancy, these 14 development projects are expected to generate Potential Property Income of CHFm 21.8 and sales proceeds from promotion projects of CHFm 72.0. Currently, two (2) fully let Properties with an Annualised Property Income after completion of CHFm 5.4 and an average contract term of 15 years are under construction (LEM Meyrin (GE) and XXXLutz Dietikon (ZH)). The completion of HIAG's current development plans is expected to create an additional lettable area of approximately 783,000 sqm (including promotion Properties (promotion projects) that are planned to be sold in the market) with a Potential Property Income of CHFm 161.0 plus sales from promotion projects of approximately CHFm 550.0.

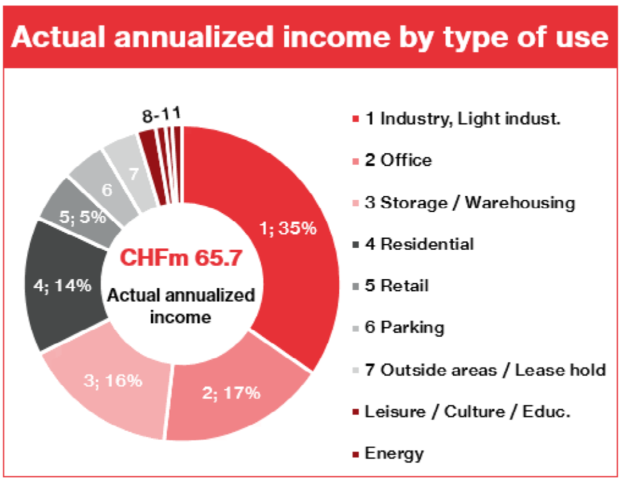
Furthermore, the Group is monitoring the market for potential on- and off-market acquisitions, which would add additional Properties to its Investment Properties Portfolio.

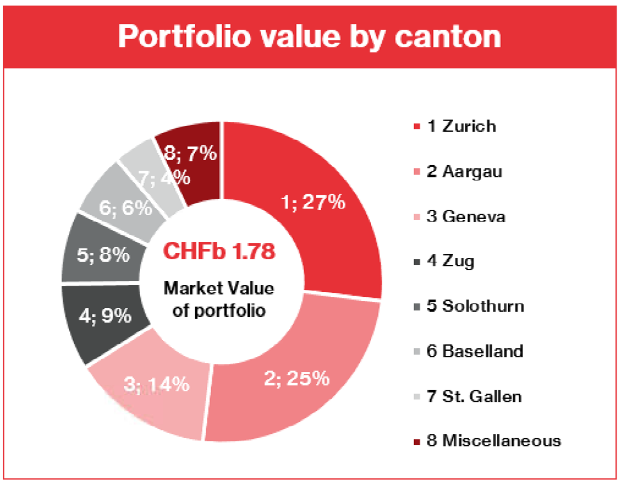
The map below shows the geographic locations of HIAG's 46 Sites and number of Properties per Site as of 30 June 2021, along with the three (3) HIAG offices.



For the Group's Investment Properties Portfolio as of 30 June 2021, see the "*General Property Details*" on pages F-32 to F-35 of this Prospectus.

Property Income by type of use and Investment Properties Portfolio value by Canton





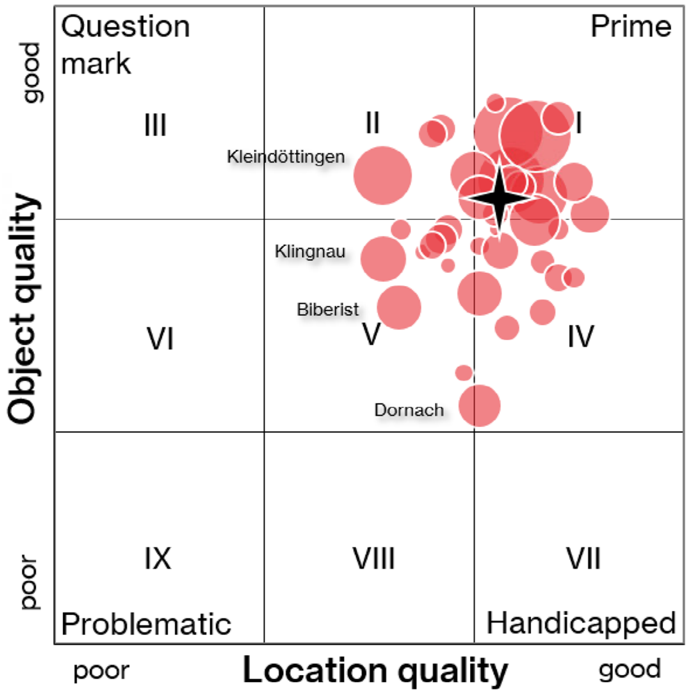
The focus of the Investment Properties Portfolio in terms of Property Income by type of use is on industry / light industrial, office (around 60% of the office spaces are directly linked to the core activity of the tenants, such as the production of goods, in the transport sector, in the health sector or public administration) and storage / warehousing with a share of 68% of the total Property Income. The Property Income from residential Properties accounts for around 14%, followed by retail (on two third of the retail areas are food or mixed food / non-food assortment sold that were not closed during the COVID-19 related shutdowns) with a share of 5% and parking with 4%. Additionally, further Property Income is generated by outside areas / lease hold (4%), leisure / culture / education (2%), ancillary uses for commercial / residential (1%) and gastronomy (1%).

About three (3) quarters of the real estate assets are located in the Cantons of Zurich, Aargau, Geneva and Zug. The remaining real estate is located in the Cantons of Solothurn, Baselland, St. Gallen and others.

Investment Properties Portfolio quality of Sites

The market matrix below is based on the assessment of Wüest Partner and shows on the x-axis the location quality of HIAG's Sites (macro location and micro location) and on the y-axis the object quality (building condition, standard, usability).

Market matrix by Sites

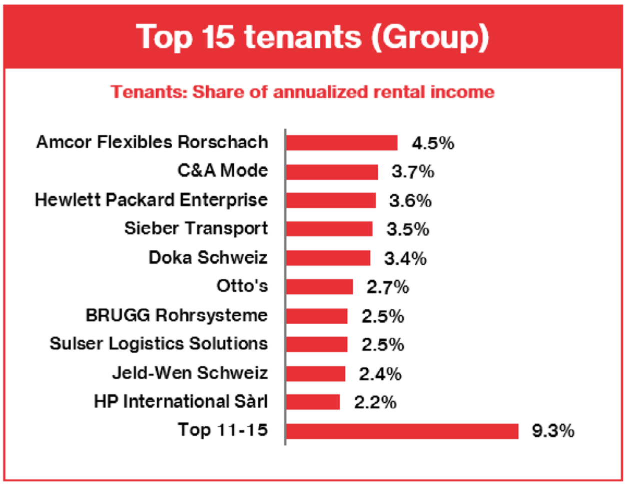


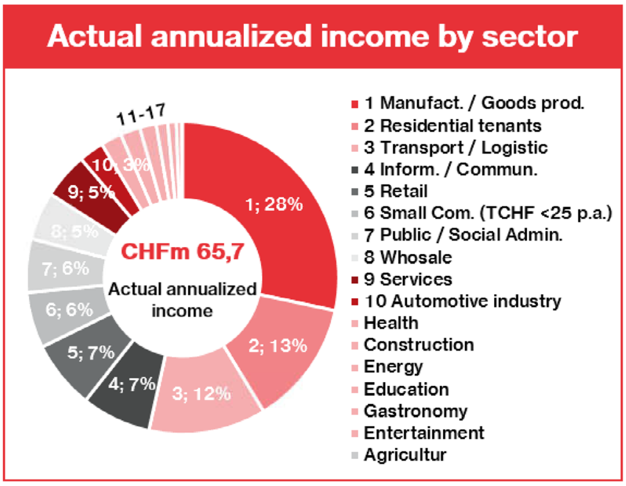
Source:
Wüest Partner

The Investment Properties Portfolio quality weighted by market value lies in the top segment. The Site quality is improvable through upgrading and renovation of the building substance or building replacements. The micro-location quality of the large Sites can also be improved through their development by implementing infrastructure measures (e.g. new public transport stops, new roads, etc.).

Certain information on HIAG's tenants and lease agreements

Tenant structure by size and sector



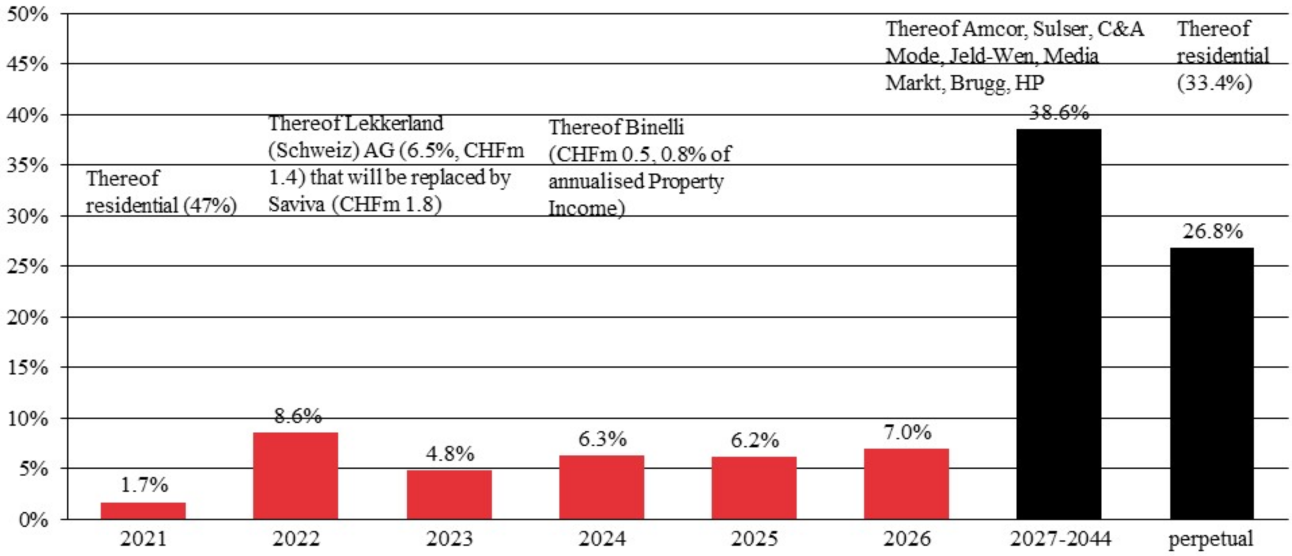


As of 30 June 2021, the five (5) most important tenants in terms of the percentage of the Group's Annualised Property Income are: Amcor Flexibles Rorschach AG (4.5%), C&A Mode AG (3.7%), Doka Schweiz AG (3.4%), Hewlett-Packard International Sàrl (3.4%) and Sieber Transport AG (3.5%).

The 15 largest tenants in HIAG's Investment Properties Portfolio generate more than 40% of Property Income. The WAULT of these tenants is almost ten (10) years. All major tenants have a good solvency and, where available, a good and stable credit rating.

The tenants are active in a wide range of industries. The largest industry in the production sector in turn produces services and goods for various other sectors (e.g. construction, food/health and pharmaceutical industry, infrastructure sector).

Maturity analysis of lease agreements



The Group's expiry profile outlined above is based on the Property Income. As of 30 June 2021, approximately 89.7% of the Property Income is based on lease agreements having a maturity date later than 2022. The WAULT amounts to 8.1 years as of 30 June 2021. Contracts that have reached the end of a fixed lease term are usually adjusted to the market price and renewed for a new fixed term. Contracts without fixed letting term relate mainly to residential Properties and small commercial tenants. The expiring lease contract in January 2022 of Lekkerland (Schweiz) AG with a Property Income of CHFm 1.4 is already covered by the new tenant Saviva with a rent of CHFm 1.8 starting from November 2021.

Vacancy rates as a percentage of target Annualised Property Income

As of 30 June 2021, the vacancy rates in the Group's Investment Properties Portfolio as a percentage of the Annualised Property Income amounted to 10.8% for the Investment Properties Portfolio, 9.7% for the Yielding Portfolio and 15.7% for the Development Portfolio.

Yielding Portfolio

As of 30 June 2021, the Yielding Portfolio consisted of 74 Properties with a lettable area of 467,400 sqm, a Potential Property Income of CHFm 60.0 and a Fair Value of CHFb 1.2. The occupancy rate in the Yielding Portfolio amounted to 90.3%. The top five (5) Sites and their respective Fair Values in the Yielding Portfolio were Dietikon, ZH (CHFm 141.4), Meyrin, GE (CHFm 107.0), Kleindöttingen, AG (CHFm 96.5), Goldach, SG (CHFm 69.0), and Windisch, AG (CHFm 68.1). In total, these top five (5) Sites accounted for about 42% of the Yielding Portfolio's Fair Value.

For the Group's Yielding Portfolio as of 30 June 2021, see the "*General Property Details – Yielding Portfolio*" on pages F-32 to F-33 of this Prospectus.

Development Portfolio

As of 30 June 2021, the Development Portfolio consisted of 44 Properties with a lettable area of approximately 157,200 sqm, a Potential Property Income of CHFm 13.7 and a Fair Value of CHFm 617.1. The occupancy rate in the Development Portfolio amounted to 84.2%. The top five (5) Sites and their respective Fair Values in the Development Portfolio were Cham, ZG (CHFm 89.2), Meyrin, GE (CHFm 71.8), Niederhasli, ZH (CHFm 103.9), Lancy, GE (CHFm 49.3), and Altstetten, ZH (CHFm 47.2). In total, these top five (5) Sites accounted for about 59% of the Development Portfolio's Fair Value. The Group currently pursues about 60 short-, mid- and long-term development projects.

For the Group's Development Portfolio as of 30 June 2021, see the "*General Property Details – Development Portfolio*" on pages F-34 to F-35 of this Prospectus.

Project pipeline

Development projects under construction

The Group's Development Portfolio includes Properties under construction. The following table shows the actual projects under construction on the time axis including type of use, effective usable area to be developed, total expected investment volume, expected remaining investment volume as at 30 June 2021, estimated rental value, pre-let ratio for the commercial areas and lease duration.

		2021	2022	Effective area to be developed in m²	Total (expected) investment volume in CHFm	Expected remaining investment in CHFm 2021-2022	Rental Value in CHFm (excl. ground lease)	Pre-let Ratio	Lease Duration in years	Completion/Expected Completion
Meyrin, Hive, Headquarter Office LEM	Office, New Building			7,400	33.2	15.0	2.27	100%	15.0	01.22, rent-free period until 03.23
Dietikon, XXXLutz	Retail, New Building			17,800	24.8	12.4	3.17	100%	15.0	06.22
Total				**25,200**	**58.0**	**27.4**	**5.44**	**100%**	**15.0**	

Meyrin GE, Campus "The Hive"

<u>Site description</u>

Site number HIAG	290
Location	"The Hive" Site is located at the centre of the innovation and research centre of Meyrin and is very accessible via the direct connection to the Geneva airport and the Geneva Cornavin train station. "The Hive" campus concept developed by HIAG is geared towards tenant networking and offers a perfect environment for efficient and successful work with highly attractive workplaces. The campus in the immediate vicinity of the CERN (*European Organisation for Nuclear Research*) has quickly established itself as a hub for international groups and start-ups and offers varied and high-quality spaces with a large outside area and many green spaces.
Type of use	office / industry
Site area	43,716 sqm
Form of ownership	building right, free holder FTI (Fondation pour les terrains industriels de Genève)
Actual usable area	Hive 1: 8,700 sqm, Hive 2: 8,100sqm, Hive 8 LEM: 7,400 sqm, Luigia 800 sqm Utilisation reserve: c. 25,800 sqm (all figures rounded)

<u>Project 290 05</u>
<u>(Hive 8, Headquarter Office LEM)</u>

Description	This project consists of the construction of the new headquarters of the listed electrical components manufacturer LEM. The completion of this project is currently expected in January 2022 and contracts for 100% of the lettable area have already been signed for a letting duration of 15 years.
Land plot	5,500 sqm
Total usable area	7,400 sqm
Type of uses	4,200 sqm office, 2,000 sqm light industrial, 800 sqm storage, 400 sqm others, indoor / outdoor parking 220 units (rounded)
Investment volume	total expected CHFm 33.2; expected remaining CHFm 15.0 (30 June 2021)
Actual project status	under construction
Timetable	building permit January 2020, start of construction March 2020, expected completion January 2022
Pre-let ratio, WAULT	100%, 15 years (LEM Switzerland SA)
Rental value	CHFm 2.32 (rent-free period until 03/2023)
Ground lease	CHFm 0.06 per year

Dietikon ZH, "Silbern", Furniture store XXXLutz

Site description

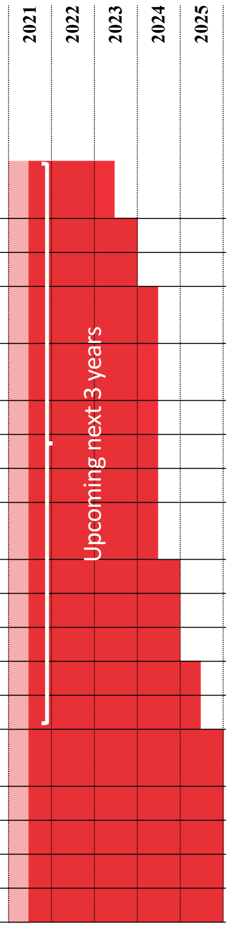
Site number HIAG	101
Location	The Site is situated to the west of Zurich in the Limmattal in Dietikon. The Silbern district is located next to the freeway A1 with short access to the junction Dietikon. The HIAG Site in Silbern is an established retail location with various well-known brands.
Type of uses	retail, office
Site area	39,029 sqm
Form of ownership	sole ownership
Actual usable area	37,800 sqm

Project 101 03

Description	The project contains the construction of the new furniture store for XXXLutz. The completion is currently expected in spring 2022 and contracts for 100% of the lettable area have already been signed for a letting duration of 15 years.
Land plot	10,500 sqm
Total usable area	17,800 sqm
Type of uses	12,300 sqm retail, 5,500 sqm storage
Investment volume	total expected CHFm 24.8; expected remaining CHFm 12.4 (30 June 2021)
Actual project status	under construction
Timetable	building permit October 2020, start of construction December 2020, handover for tenant fit-out January 2021, opening summer 2022
Pre-let ratio, WAULT	100%, 15 years (XLCH GmbH)
Rental value	CHFm 3.2

Upcoming mid-term development projects

The following table shows the upcoming mid-term development projects on the time axis including type of use, effective usable area to be developed, total expected investment volume, expected remaining investment volume as at 30 June 2021, estimated rental value and potential income from promotion projects, pre-let ratio for the commercial areas, corresponding lease duration and the project status as of today.



		Effective area to be developed in m²	Total (expected) investment volume in CHFm	Expected remaining investment in CHFm 2021-2 ff.	Est. Rental Value in CHFm	Pre-let Ratio Commercial	Lease Duration in years	Project status
Wetzikon, Floos	Commercial, Conversion	7,100	15.2	14.2	1.0	0%	-	Expec. building perm. 12.21, expec. constr. start 03.22, expec. completion 04.2023, Commercialization
Cham, Cham Nord, 1st stage Yielding	Resid./commercial, New Building	11,200	57.7	51.2	3.4	0%	-	Expec. constr. start 01.22, expec. completion 12.23
Cham, Cham Nord, 1st stage Promo.	Condominium, New Building	5,500	33.2	27.8	72.0 [1]	-	-	Expec. constr. start 01.22, expec. completion 12.23
Biberist, Papieri, 1st stage	Industrial, New Building	12,600	31.6	31.6	1.9	0%	-	Expec. building applic. 04.22, expec. constr. start 01.23, expec. completion 04.24, Commercialization ongoing
Windisch, Zentrum West	Resid./commercial, New Building	1,600	10.5	9.8	0.4	0%	-	Expec. building perm. 06.22, expec. constr. start 09.22, expec. completion 03.24
Aathal, Coop B&H + Resid. 1st stage	Retail/residential, New Building	6,300	22.6	21.8	1.3	0%	-	Expec. perm. GP 12.21, Commercialization ex-Coop B&H
Hausen/Lupfig, 1st stage	Industrial, logistic	21,200	45.8	45.5	3.4	0%	-	Expec. perm. GP 05.22, Commercialization
Frauenfeld, Walzmühle, 3rd stage	Residential, Conversion	3,300	22.1	17.0	0.9	-	-	Project optimization, design plan, rev. building applic. 01.22
Frauenfeld, Walzmühle, Parking-Site	Parking/commercial, New Building	600	5.2	5.2	0.4	0%	-	Design plan, expec. building application 06.22
Winterthur, Technoramastrasse	Industrial/logistic, New Building	9,000	29.2	29.1	1.7	20%	15	Design plan, expec. building application 03.22
Bussigny, 1st stage	Logistic, industrial, New Building	8,700	22.5	22.4	1.5	0%	-	Feasibility study, Commercialization
Meyrin, Reserve 1a, Hive 7	Commercial, New Building	3,400	16.4	16.1	1.0	0%		Feasibility study, Commercialization, expec. building perm. 06.22
Meyrin, Reserve 1b, Hive 6	Commercial, New Building	3,200	14.4	14.1	0.8	0%		Feasibility study, Commercialization
Meyrin, Grand Puits	Commercial, Conversion	15,600	52.3	51.8	3.9	0%	-	Feasibility study, Commercialization, expec. building applic. 05.22
Ermatingen, Hauptstrasse 181/185	Old age & care centre, New Building	7,500	34.1	34.0	1.5	0%	-	Feasibility study, Operator evaluation/contract negotiations 11.21
Wetzikon, Schönau Nord	Condominium, New Building	2,400	16.2	15.9	22.4 [1]			Expec. perm. GP 03.22, expec. building application 03.23
Wetzikon, Schönau Süd 1st stage	Residential, New Building	7,300	38.0	35.3	2.2			Expec. perm. GP 03.22, expec. building application 12.22
Zürich, Freihofstrasse	Resid., commercial, New Building	13,100	81.7	81.4	4.8	85%		Feasibility study, expec. building application 04.22
Neuchâtel, 2nd stage	Residential, New Building	5,600	28.2	28.0	1.3			Design plan, expec. perm. GP/building 04.23
Total		**145,200**	**576.9**	**552.2**	**31.4**	**-**	**-**	

[1] Expected sales revenue from promotion projects CHFm 94.4

Given their development and marketing stage, these projects are today expected to be realised within the next three (3) to five (5) years. In total, the usable space to be developed amounts to approximately 145,200 sqm. The therefore planned investments are CHFm 576.9. The total expected Annualised Property Income is CHFm 31.4 (after expected ground lease) and the additional sales proceeds from promotion projects CHFm 94.4.

Wetzikon ZH, Project Floos

Site description

Site number HIAG	308
Location	The historical textile industry ensemble "Floos" situated at the entrance of the city of Wetzikon, 25 minutes from Zurich, covers a Site of 12,700 sqm. Its access road Zürichstrasse is one of the most frequented streets in the Canton of Zurich with close to 30,000 cars passing per day. Once the planned gap closure of the A15 (*Oberlandautobahn*) is completed (not expected before 2030), the direct motorway access "Wetzikon West" will be situated next to the buildings on the Site. Currently, the buildings are partly let generating an Annualised Property Income of CHFm 0.3 per year.
Type of uses	commercial, office, storage, residential
Site area	63,976 sqm
Form of ownership	sole ownership
Actual usable area	4,400 sqm

Project 308 01

Description	By 2023, the listed buildings of the former spinning works will be renovated to welcome a variety of new uses, including gastronomy, retail, workshops, office space and storage. The building permit is expected by the end of 2021, with construction beginning in early 2022. A broad marketing campaign is being developed to be deployed in parallel. The peripheral residential buildings remain unchanged.
Land plot	8,900 sqm
Total usable area	7,100 sqm
Type of uses	1,900 sqm workshop / studios, 1,000 sqm office, 500 sqm retail, 300 sqm gastronomy / 1,300 sqm event, 2,100 sqm storage
Investment volume	CHFm 15.2 expected remaining CHFm 14.2 (30.06.2021)
Actual project status	Special use plan approved, building permission pending
Timetable	Expected building permit December 2021, construction start March 2022, expected completion April 2023
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 1.0

Cham ZG, Chama, 1st stage

Site description

Site number HIAG	181
Location	The Site is located in the prospering economic region of Zug, around 30 km or 25-minute ride from Zurich. Within the municipality Cham, the Site is situated on the northern edge and optimally accessible by the car. The recreation area along the river Lorze and the green space "Lorzenpark" are in the immediate vicinity. The newly built sport center OYM with sport facilities for the EV Zug and top athletes from various disciplines as well as the "Lorzenpark" building of HIAG is also situated on the Site.
Type of uses	Commercial, residential
Site area	39,188 sqm
Form of ownership	Sole ownership
Usable area	14,900 sqm, about 180 parking units

Project 181 04 (Yielding)

Description	The project contains the construction of around 88 residential units and commercial spaces to be suitable for office, retail and long-stay apartments.
Land plot	9,600 sqm
Total usable area	11,200 sqm
Type of uses	7,300 sqm residential, 3,900 sqm office, retail, long-stay apartment, about 140 parking units
Investment volume	CHFm 57.7; expected remaining CHFm 51.2 (30 June 2021)
Actual project status	building permission legally valid, preparation for construction, evaluation of general contractor
Timetable	building permission July 2021, construction start January 2022, expected completion December 2023
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 3.4

Project 181 05 (Promotion)

Description	The project contains the construction of around 52 condominiums units.
Land plot	3,600 sqm
Total usable area	5,500 sqm
Type of uses	5,500 sqm condominiums, about 70 indoor parking units
Investment volume	CHFm 33.2; expected remaining CHFm 27.8 (30 June 2021)
Actual project status	building permission legally valid, preparation for construction, evaluation of general contractor
Timetable	building permission July 2021, construction start January 2022, expected completion December 2023
Pre-let ratio, WAULT	n/a
Estimated sales revenue	CHFm 72.0

Biberist SO, Papieri, 1st stage

Site description

Site number HIAG	361
Location	The former paper mill in Biberist (SO) is located in a strategic location in the middle of Switzerland at the highway intersection A1 (Zurich-Berne) and A5 (Solothurn-Biel). The Site is well equipped with basic infrastructure, such as railway and highway access, two-sided connection to the national high voltage grid, steam and gas supply as well as freshwater sources. The Papieri-Site is a major project in the Canton of Solothurn for industrial and commercial developments. In the long term, the Site will become a business park with manufacturing facilities, office, retail and residential use.
Type of uses	industrial, commercial, logistics
Site area	271,485 sqm
Form of ownership	sole ownership
Actual usable area	47,000 sqm

Project 361 03 (1st stage)

Description	The project foresees demolition of the former buildings “Ausrüstung Ost” in the middle of the Site. The replacement building will be used for various purposes according to the needs of the users and will later be highly suitable for third party use.
Land plot	20,000 sqm
Total usable area	12,600 sqm
Type of uses	industrial, manufacturing, storage, office
Investment volume	CHFm 31.6; expected remaining CHFm 31.6 (30 June 2021)
Actual project status	building permission pending for dismantling, commercialisation ongoing with different interested companies
Timetable	start dismantling existing building November 2021, expected building application April 2022, construction start January 2023, expected completion April 2024
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 1.9

Windisch AG, Zentrum West

Site description

Site number HIAG	321
Location	The former industrial Site is located close to the cities Brugg and Baden, 30 minutes from Zurich. It is situated next to a protected natural reserve, the so-called “Wasserschloss” where the three (3) rivers Reuss, Aare and Limmat merge. The Site, having been one of the biggest spinning mills in Europe at one time, has successfully preserved the charm of the historical monuments. The Site was successful converted by different landlords with a range of new uses in the last ten (10) years.
Type of uses	commercial, residential
Site area	33,289 sqm
Form of ownership	sole ownership and condominium owners
Actual usable area	16,800 sqm (rental)

Project 321 05

Description	The project will be realised on the last empty building Site. The project is located in the immediate neighbourhood of listed buildings and must be planned very carefully. The overall performance competition was won by Harry Gugger Architekten and Erne Holzbau. There are intended to provide 24 rental flats on the upper floors and commercial space on the ground floor. The building will be constructed largely from prefabricated wooden elements.
Land plot	2,500 sqm
Total usable area	1,600 sqm
Type of uses	1,300 sqm residential, 300 sqm workshop/office
Investment volume	CHFm 10.5; expected remaining CHFm 9.8 (30 June 2021)
Actual project status	planning and general contractor competition finished, ongoing planning for building permission
Timetable	building application December 2021, expected building permit June 2022, construction start September 2022, expected completion March 2024
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 0.4

Aathal ZH, former Coop B&H + Residential 1st stage

Site description

Site number HIAG	302
Location	The Site Talwis is located in the middle of Aathal (ZH) in the municipalty Seegräben, where HIAG owns numerous Properties. The predominantly historic buildings on the Properties have already been successfully renovated or expanded in the past and converted to new uses; for example the project "Neue Spinnerei".
Type of uses	commercial, residential
Site area	23,939 sqm
Form of ownership	sole ownership
Actual usable area	1,200 sqm

Project 302 01 (1st stage)

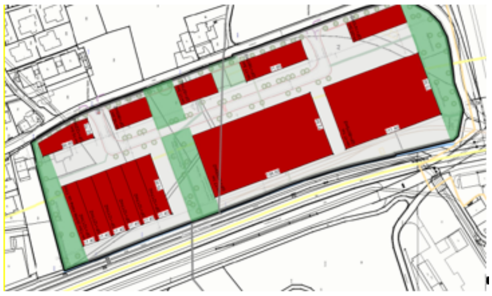
Description	In the coming years, commercial space and market- and location-oriented flats are to be built on Talwis. For the project planned on the undeveloped Property, a design plan has been developed in the last few years, which is expected to be approved and become legally effective by the end of 2021. Appropriate tenants for the commercial space should be connected by the end of 2021, beginning of 2022.
Land plot	21,200 sqm
Total usable area	6,300 sqm
Type of uses	4,700 sqm commercial, 1,600 sqm residential
Investment volume	CHFm 22.6; expected remaining CHFm 21.8 (30 June 2021)
Actual project status	Expecting approval of special use plan, ongoing search for a commercial tenant
Timetable	Expected approval of special use plan December 2021, building application July 2022, expected building permission building October 2022, construction start March 2023, expected completion June 2024
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 1.3

Hausen/Lupfig AG, Reichhold Campus, 1st stage

Site description

Site number HIAG	720
Location	The Reichhold Campus is located in the freeway triangle of the A1 and A3 at the Brugg/Windisch exit. The Campus Reichhold is a major project in the Canton of Aargau for industrial and commercial developments with the possibility of a share of logistics use as well as a hyper scale data center. The Site is located partly in the community of Hausen (28,000 sqm) and partly in the community of Lupfig (36,000 sqm).
Type of uses	industrial, logistics, office, data centre
Site area	64,257 sqm
Form of ownership	sole ownership

Project 720 01
(1st stage, leasehold for data center)



Description	The Reichhold Site fulfils important location criteria for data centre uses, such as proximity to Zurich, to the airport, to redundant and sufficient power supply and short distance to international data networks. Therefore, a 40 megavolt (MV) hyper scale data centre can be built on the Site. A conditional building lease agreement for 60 years is already concluded with an international operator.
Land plot	12,500 sqm
Total usable area	32,000 sqm
Type of uses	32,000 sqm date center
Investment volume	CHFm 4.5; expected remaining CHFm 4.5 (30 June 2021)
Actual project status	special use plan pending
Timetable	expected entry into force of special use plan in May 2022
Pre-let ratio, WAULT	100%, 60 years
Estimated rental value	CHFm 0.5 (ground lease for building right)

Project 720 02
(1st stage, industrial building)

Description	The new building complex will be used for various purposes according to the needs of the users and will later be highly suitable for third party use.
Land plot	12,000 sqm
Total usable area	21,200 sqm
Type of uses	21,200 sqm industrial, manufacturing, storage, office
Investment volume	CHFm 45.8; expected remaining CHFm 45.5 (30 June 2021)
Actual project status	special use plan pending, commercialisation ongoing with different interested companies

Timetable	expected entry into force of special use plan in May 2022, start first projects Q4 2022, possible completion first projects H1 2024
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 3.4

Frauenfeld TG, Walzmühle, Phase II

Site description

Site number HIAG	315
Location	The former production Site of SIGG's plant "Walzmühle" is situated close to the centre of Frauenfeld (TG) and was acquired in 2013. The Site included a warehouse and office buildings dating from the 19th century. The "Walzmühle" is one of the most important industrial Sites in the Canton of Thurgau. The Site offers a wide range of uses from living to working, is located only a few minutes' walk north of Frauenfeld (TG) town centre and has its own bus stop. 70% of the Site has already been redeveloped: with rental lofts/apartments, offices and commercial space.
Type of uses	commercial, residential
Site area	28,606 sqm
Form of ownership	sole ownership and condominium owners
Actual usable area	5,000 sqm (rental)

Project 315 03
(Walzmühlehaus, Walzmühlepark)

Description	The project foresees the last development step on the Site for the last 30% of the area. Through the conversion of the existing and protected building "Walzmühlehaus" around 40 rental apartments can be realised. The final stage of development is the realisation of the "Walzmühlepark". Around 30 parking units are already built within the first stage of the Site development.
Land plot	10,800 sqm
Total usable area	3,300 sqm, 8,500 sqm park land
Type of uses	3,300 sqm rental apartments
Investment volume	CHFm 22.1; expected remaining CHFm 17.0 (30 June 2021)
Actual project status	completion of building permission for project optimisation with changing of mix and numbers of apartments
Timetable	building application January 2022, expected building permit April 2022, construction start October 2022, expected completion June 2024
Pre-let ratio, WAULT	n/a
Estimated Rental Value	CHFm 0.9

Project 315 04 (parking Site)

Description	The project foresees the last development step on the Site for the last 30% of the area. Through the conversion of the existing and protected building "Walzmühlehaus" around 40 rental apartments can be realised. The final stage of development is the realisation of the "Walzmühlepark". Around 30 parking units are already built within the first stage of the Site development.
Land plot	10,800 sqm
Total usable area	6,250 sqm
Type of uses	600 sqm workshop, 5,700 sqm for about 190 parking units
Investment volume	CHFm 5.2; expected remaining CHFm 5.2 (30 June 2021)
Actual project status	Temporary use with outside parking CHFm 0.05 actual Property Income, feasibility study, commercialisation with companies in the neighbourhood
Timetable	building application June 2022, expected building permit November 2022, construction start April 2023, expected completion April 2024
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 0.4

Winterhur ZH, Technoramastrasse, WINTECH

Site description

Site number HIAG	313
Location	HIAG was able to become the owner of the Property on Winterthur's north-eastern city limits at the beginning of 2021: Acquisition in March 2021 in sale-and-leaseback and asset deal with BR Bauhandel. A replacement building is currently being planned for the Property. The new Property should be ready for occupancy in 2024.
Type of uses	Commercial, residential
Site area	10,454 sqm
Form of ownership	sole ownership
Actual usable area	6,200 sqm

Project 313 01

Description	Concept of a drivable commercial building with stacked commercial space: ground floor for production, logistics, retail; upper floors accessible with cars/ good transports for production, workshops, office.
Land plot	10,500 sqm
Total usable area	9,000 sqm (+1,800 sqm extension/storage)
Type of uses	7,500 sqm commercial, 1,500 sqm storage, about 90 parking units
Investment volume	CHFm 29.2 (without extension); expected remaining CHFm 29.1 (30 June 2021)
Actual project status	completion of project definition, tender process for commercialisation services
Timetable	building application March 2022, expected building permission building October 2022, construction start April 2023, expected completion September 2024
Pre-let ratio, WAULT	20%
Estimated rental value	CHFm 1.7 with BR Bauhandel, 15 years

Bussigny VD, 1st stage

Site description

Site number HIAG	227
Location	The Site is located in Bussigny, close to Lausanne and 40 minutes from Geneva-Cointrin International Airport, and less than 10 minutes (5.5 km) from the Ecole Polytechnique Fédérale de Lausanne (EPFL). The plot is a green field. Well located, close to the A1 highway (2.8 km and 2 km in 2030 with the new junction of Ecublens) and in the immediate vicinity of the railway station (500 m), in the region of “Ouest lausannois”.
Type of uses	Industrial, logistics
Site area	22,319 sqm
Form of ownership	Sole ownership
Actual usable area	n/a

Project 227 01 (1st stage)

Description	The Site development will probably take place in stages, depending on tenant demand. The project in the 1st stage foresees the realisation of a logistic building according to the needs of the users and will later be highly suitable for third party use.
Land plot	10,200 sqm
Total usable area	8,700 sqm
Type of uses	logistic, industrial, office
Investment volume	CHFm 22.5; expected remaining CHFm 22.4 (30 June 2021)
Actual project status	feasibility study, ongoing commercialisation
Timetable	expected building application June 2022, building permission November 2022, construction start March 2023, expected completion October 2024
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 1.5

Meyrin GE, Grand-Puits

Site description

Site number HIAG	291
Location	The Site is in the south of the municipality of Meyrin (GE). The building is located in the middle of a well-known commercial and industrial area. In the center of Meyrin (GE), which is about 700 meters away, there are sufficient supply and service facilities. The Property is well connected by public transport. The Gare de Meyrin is 150 m away. For motorized individual traffic, the freeway access road “Meyrin-Vernier”(A1) at about 3 km. The center of Geneva can be reached in 15 minutes by motorised private transport and in 10 minutes by public transport. Geneva airport can be reached in 10 minutes.
Type of uses	industrial, logistics
Site area	10,383 sqm
Form of ownership	sole ownership
Actual usable area	9,000 sqm

Project 291 01

Description	The conversion of the existing building and the extension possibilities allow various future uses for a single tenant or multi-tenants.
Land plot	10,400 sqm
Total usable area	15,600 sqm
Type of uses	industrial, manufacturing, office
Investment volume	CHFm 52.3; expected remaining CHFm 51.8 (30 June 2021)
Actual project status	feasibility study, ongoing commercialisation
Timetable	expected building application May 2022, building permission January 2023, construction start July 2023, expected completion June 2025
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 3.9

Meyrin GE, Campus "The Hive"

Site description

Site number HIAG	290
Location	"The Hive" Site is located at the centre of the innovation and research centre of Meyrin and is very accessible via the direct connection to the Geneva airport and the Geneva Cornavin train station. "The Hive" campus concept developed by HIAG is geared towards tenant networking and offers a perfect environment for efficient and successful work with highly attractive workplaces. The campus in the immediate vicinity of the CERN (*European Organisation for Nuclear Research*) has quickly established itself as a hub for international groups and start-ups and offers varied and high-quality spaces with a large outside area and many green spaces.
Type of use	office / industry
Site area	43,716 sqm
Form of ownership	building right, free holder FTI (Fondation pour les terrains industriels de Genève)
Actual usable area	Hive 1: 8,700 sqm, Hive 2: 8,100 sqm, Hive 8 LEM: 7,400 sqm, Luigia 800 sqm; utilisation reserve: 25,800 sqm

Project 290 03 (Hive 7)

Description	The Hive 7 is at the heart of the sustainable development on the Hive campus. This project foresees an industrial building in wood structure with minimum impact on the ground and a thermodynamic facade.
Land plot	3,900 sqm
Total usable area	3,400 sqm
Type of uses	3,400 sqm light industrial/office, about 30 parking units
Investment volume	total expected CHFm 16.4; expected remaining CHFm 16.1 (30 June 2021)
Actual project status	building permission, ongoing commercialisation
Timetable	expected building permission June 2022, start of construction March 2023, expected completion October 2024
Pre-let ratio, WAULT	n/a
Rental value	CHFm 1.0
Ground lease	CHFm 0.05 per year

Project 290 03 (Hive 6)

Description	Depending on demand, the Hive 7 building can be expanded or a separate building can be built next to Hive 7.
Land plot	2,000 sqm
Total usable area	3,200 sqm
Type of uses	3,200 sqm light industrial/office (all figures rounded)
Investment volume	total expected CHFm 14.4; expected remaining CHFm 14.1 (30 June 2021)
Actual project status	feasibility study, ongoing commercialisation
Timetable	expected building permission January 2023, start of construction January 2024, expected completion June 2025
Pre-let ratio, WAULT	n/a
Rental Value	CHFm 0.8
Ground lease	CHFm 0.04 per year

ErmatingenTG, Hauptstrasse, Retirement home & care centre

<u>Site description</u>

Site number HIAG	105
Location	The idyllically located Site in Ermatingen (TG) on Lake Constance is currently used by an industrial tenant. On part of the Site, the current tenant MOWAG is currently overhauling the Swiss Army's all-terrain Duro vehicles. The Site on the southern shore of the part of Lake Constance called Untersee, opposite the island of Reichenau, offers versatile long-term development potential in an attractive location.
Type of uses	industrial, logistics
Site area	30,510 sqm
Form of ownership	sole ownership
Actual usable area	14,800 sqm

<u>Project 105 01</u>

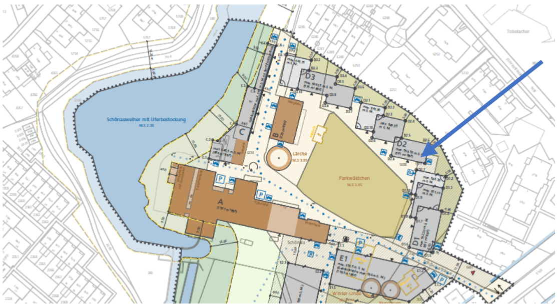
Description	In a first step, a retirement and nursing home is to be realised with well-known and experienced Swiss operator.
Land plot	12,000 sqm
Total usable area	7,500 sqm
Type of uses	5,900 sqm (+1,600 sqm acess/stay areas) retirement home & care centre
Investment volume	CHFm 34.1; expected remaining CHFm 34.0 (30 June 2021)
Actual project status	Signing of the preliminary rental agreement November 2021
Timetable	building application January 2023, expected building permission June 2023, construction start March 2024 (end of the lease of a current tenant), expected completion December 2025
Pre-let ratio, WAULT	expected 100% with swiss operator, 15 years
Estimated rental value	CHFm 1.5

Wetzikon ZH, Schönau Süd

Site description

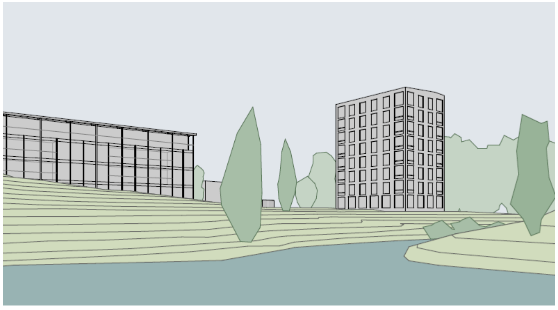
Site number HIAG	309
Location	The historical Site of spinning mill "Schönau" is located near the centre of Wetzikon (ZH). A large pond, a lush park with century old trees and precious historical buildings provides a most picturesque setting. The municipality of Wetzikon (ZH) is well connected to Zurich by road (25 minutes) and train (20 minutes). The "Schönau" is to be developed in stages into an attractive quarter with residential and commercial uses as well as areas for the public. The development will be based on a public design plan, which is expected to be approved in the first half of 2022.
Type of uses	workshops, storage, residential
Site area	49,747 sqm
Form of ownership	sole ownership
Actual usable area	5,000 sqm
Potential usable area	14,800 sqm (11,900 sqm residential, 2,900 sqm office, retail and service uses)

Project 309 06b



Description	Around the northern part of the premises in the "Schönau Nord" includes 18 row houses and parts of the underground parking. The buildings are right next to the private forest.
Land plot	4,000 sqm
Total usable area	2,500 sqm
Type of uses	2,400 sqm home ownership, 100 sqm commercial, 36 indoor parking units
Investment volume	CHFm 16.2; expected remaining CHFm 15.9 (30 June 2021)
Actual project status	pending approval of the public special use plan
Timetable	approval of the public special use/design plan June 2022, building application October 2022, expected building permission October 2023, construction start April 2024, expected completion October 2025
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 0.05
Estimated sales revenue	CHFm 22.4

Project 309 07



Description	Around the southern part of the premises in the "Schönau Süd" includes residential units and parts of the underground parking. The buildings are situated on a free hilltop with a view of the Schönau Lake.
Land plot	12,300 sqm
Total usable area	7,300 sqm
Type of uses	7,300 sqm residential (about 80 units), about 70 indoor/outdoor parking units
Investment volume	CHFm 38.0; expected remaining CHFm 35.3 (30 June 2021)
Actual project status	Pending approval of the public special use/design plan
Timetable	Approval of the public special use/design plan June 2022, building application October 2022, expected building permission June 2023, construction start December 2023, expected completion September 2025
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 2.2

Zurich-Altstetten ZH, Freihofstrasse

Site description

Site number HIAG	109
Location	The Zurich-Altstetten Site is located in between the Letzigrund Stadium as well as the Letzipark Shopping Center in a high-rise zone. All infrastructural facilities and public transport are within walking distance.
Type of uses	Industrial, logistics
Site area	7,807 sqm
Form of ownership	sole ownership
Actual usable area	14,800 sqm

Project 109 01

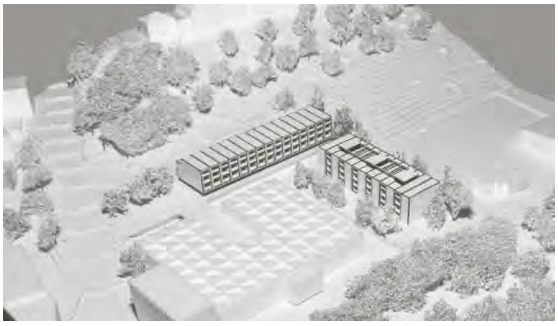
Description	The former Fiat garage is to be transformed into a ground floor section using the existing structure as well as a high-rise residential building.
Land plot	7,800 sqm
Total usable area	13,100 sqm
Type of uses	10,900 sqm rental apartments (about 160 units), 1,900 sqm retail, 300 sqm commercial
Investment volume	CHFm 81.7; expected remaining CHFm 81.4 (30 June 2021)
Actual project status	submission of planning application
Timetable	building application August 2022, expected building permission December 2023, construction start March 2024 (end of the lease of a current tenant), expected completion December 2025
Pre-let ratio, WAULT	85% of commercial usage with swiss food retailer, 20 years
Estimated rental value	CHFm 4.8

Neuchâtel NE, Les Cadolles, Rue du Plan

Site description

Site number HIAG	316
Location	The Site is located in Neuchâtel (NE), close to the railway station and close to the city centre. The A5 highway junctions (n°12 Vauseyon and n°13 Maladière) are accessible in less than 10 minutes. The plot is already occupied with two buildings. The commercial activities (Migros, Denner, Pharmacy), logistic and offices will be completed in February 2022 with a medical centre and a restaurant. The rental spaces are fully occupied.
Type of uses	retail, office, storage
Site area	11,831 sqm
Form of ownership	Sole ownership
Actual usable area	9,600 sqm

Project 316 02



Description	The Site development will be completed with a residential development within two buildings.
Land plot	4,200 sqm
Total usable area	5,600 sqm
Type of uses	4,400 sqm rental apartments (about 50 units), 600 sqm office, 600 sqm storage, about 80 parking units
Investment volume	CHFm 28.2; expected remaining CHFm 28.0 (30 June 2021)
Actual project status	special use plan approved, building permission pending
Timetable	expected building permission April 2023, construction start October 2023, expected completion August 2025
Pre-let ratio, WAULT	n/a
Estimated Rental Value	CHFm 1.3

Other larger long-term development projects

The following table shows the larger and long-term development projects on the time axis including type of use, effective usable area to be developed, total expected investment volume, estimated rental value and potential income from promotion projects and project status as of today.

Given their development and marketing stage, these larger projects are planned for the long term. The time schedules described are displayed in an idealised way in the chart below. Flexibility is important as time schedules may change depending on the commercialisation of the projects.

In total, the usable space to be developed amounts to approximative 467,000 sqm. The therefore planned investments amount to CHFb 1.9 The therefore total expected Property Income is CHFm 94.5 (after expected ground lease) and the additional sales proceeds from promotion projects CHFm 452.

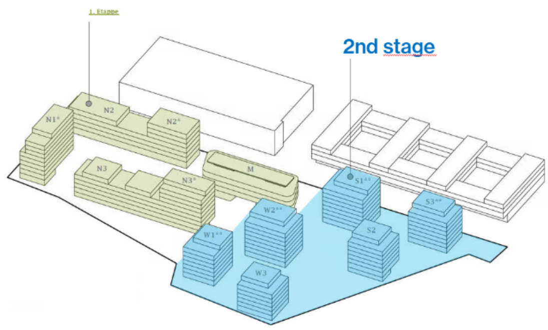
		2026	2027	2028	2029	2030	2031	2032	2033	2034 ff.	Effective area to be developed in m^2	Total (expected) investment volume in CHFm	Est. Rental Value in CHFm	Est. sales revenue pro-motion	Project status
Cham, Cham Nord, 2st stage	Residential, New Building										12,800	69	4.1		Adj. GP expec. 06.22
St. Maurice	Industrial/Logistic, New Building										22,500	48	3.4		Plan quartier 2022
Pratteln, 1st/2nd stage	Mixed use, New Building										43,800	246	8.9	89	Design plan/GP 2022/2023
Solothurn, 1st/2nd stage	Residential, New Building										16,500	70	4.2		Expec. zone plan revision 06.2023
Dornach, Baufeld A 1st/2nd stage	Mixed use, New Building										18,500	95	4.6		Zone plan revision 2022/2023
Dornach, Baufeld B	Mixed use, New Building										36,100	178	8.7		Zone plan revision 2022/2023
Dornach, Baufeld C	Mixed use, New Building										42,400	243	3.2	278	Zone plan revision 2022/2023
Lancy, Porte Sud, Pratalia	Mixed use, New Building										87,000	430	30.7		Negotiation contract ground lease
Niederhasli, Zentrumsüberbauung	Mixed use, New Building										16,200	87	3.2	38	Competition finished, Design plan/GP 2022/23
Kleindöttingen, Grossacher 1st/2nd stage	Mixed use, New Building										31,000	133	5.0	47	Infrastructure plan 2022
Biberist, Commercial, in stages	Industrial/Logistic, New Building/Conversion										117,000	168	12.5		Expec. zone plan revision 12.2023
Biberist, Residential, in stages	Residential, New Building										22,600	98	6.0		Expec. zone plan revision 12.2023
Total											**466,400**	**1,865**	**94.5**	**452**	

Cham ZG, Chama 2nd stage

Site description

Site number HIAG	181
Location	The Site is located in the prospering economic region of Zug, around 30 km or 25-minute ride from Zurich. Within the municipality Cham, the Site is situated on the northern edge and optimally accessible by the car. The recreation area along the river Lorze and the green space "Lorzenpark" are in the immediate vicinity. The newly built sport center OYM with sport facilities for the EV Zug and top athletes from various disciplines as well as the "Lorzenpark" building of HIAG is also situated on the Site.
Type of uses	commercial, residential
Site area	39,188 sqm
Form of ownership	sole ownership
Usable area	14,900 sqm, about 180 parking units

Project 181 03 (2nd stage)



Description	The second phase includes six (6) apartment buildings with about 150 apartments and parts of the underground parking.
Land plot	13,200 sqm
Total usable area	12,800 sqm
Type of uses	12,800 sqm residential, about 150 indoor parking units
Investment volume	CHFm 69.0; expected remaining CHFm 68.0 (30 June 2021)
Actual project status	approval adjusted special use plan pending
Timetable	expected validation of adjusted special use plan first semester 2022, expected completion June 2026
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 4.1

Saint Maurice VS, Bois-noir

<u>Site description</u>

Site number HIAG	201
Location	The Site is located in Saint-Maurice (VS), in the immediate vicinity of the junction Saint-Maurice of the A9 highway.
Type of uses	short term lease contracts
Site area	34,117 sqm
Form of ownership	sole ownership
Actual usable area	n/a

<u>Project 201 01</u>

Description	The Site is actually partly occupied with old industrial structures and partly free of construction.
Land plot	30,000 sqm
Total usable area	22,500 sqm
Type of uses	logistic, services, production, hospitality
Investment volume	CHFm 48.0; expected remaining CHFm 48.0 (30 June 2021)
Actual project status	neighbourhood plan in preparation
Timetable	expected approval neighbourhood plan December 2022, expected completion December 2026
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 3.4

Pratteln BL, HIAG Site

Site description

Site number HIAG	630
Location	The former Rohner AG industrial Site in the immediate vicinity of the railway station in Pratteln (BL) is to be developed in stages into a mixed, lively part of the station district. The area is optimally accessible by both motorised and public transport. Basel's main railway station can be reached within 10 minutes.
Type of uses	short-term lease contracts
Site area	31,585 sqm
Form of ownership	sole ownership
Actual usable area	n/a

Project 630 01

Description	The project includes rental flats, condominium apartments and commercial space. The outdoor space with a large park offers attractive areas for residents, employees and the public. The development will be based on a private special use plan. It is planned that the development will be realised in stages.
Land plot	26,000 sqm
Total usable area	43,800 sqm
Type of uses	18,400 sqm rental apartments, 9,700 sqm condominiums, 15,700 sqm commercial, about 480 parking units
Investment volume	CHFm 246.0; expected remaining CHFm 246.0 (30 June 2021)
Actual project status	private special use plan in preparation
Timetable	start approval procedure special use plan June 2022, building permit 1st stage 2024, construction start 1st stage 2024
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 8.9
Estimated sales revenue	CHFm 89.0

Solothurn SO, Muttenstrasse

<u>Site description</u>

Site number HIAG	365
Location	The Property is in an attractive location in the commercial and industrial zone, 700 m west of the old town. The “Solothurn West” motorway junction onto the A1 is 1.3 km south of the Site. The Solothurn SBB railway station is 1.3 km away, the Solothurn West railway station is 600 m away to the northwest of the Site.
Type of uses	production, retail, storage
Site area	29,459 sqm
Form of ownership	sole ownership
Actual usable area	11,600 sqm

<u>Project 365 01</u>

Description	The Property has a large utilisation potential. Today, the Site is in the industrial and commercial zone. In the course of the actual local plan revision, a residential share of up to 50% will be possible. After the foreseeable legal validity of the new zoning plan, the development of a residential complex in stages with approximately 180 residential units will be started.
Land plot	15,000 sqm
Total usable area	16,500 sqm
Type of uses	residential
Investment volume	CHFm 70.0; expected remaining CHFm 70.0 (30 June 2021)
Actual project status	zone plan revision in the process of approval by the Canton
Timetable	expected completion 1st stage in 2026/2027, 2nd stage in 2029/2030
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 4.2

Dornach SO, Metalli Wydeneck (Field A, B, C)

Site description

Site number HIAG	317
Location	The historical Site called "Metalli Wydeneck" is situated close to the centre of Dornach (SO), which itself is located in the agglomeration of the city of Basel. The municipality of Dornach (SO) is well connected to Basel by road (15 minutes) and train (12 minutes).
Type of uses	industrial, storage, temporary uses
Site area	136,010 sqm
Form of ownership	sole ownership
Actual usable area	55,600 sqm

Project 317 01

Description	The Wydeneck Site is to be developed in stages into an attractive quarter with residential and commercial uses as well as areas for the public. Various infrastructure projects are planned in the immediate vicinity (railway station "Apfelsee" expected opening 2026/2027, motorway access A18). The area will be given an urban character and upgraded with a riverside park.
Land plot	132,000 sqm
Total usable area	97,000 sqm (residential part min. 70%)
Type of uses	1st stage 18,500 sqm residential, commercial; 2nd stage 36,100 sqm residential, moderately disturbing commercial, retail; 3rd stage 42,400 sqm residential
Investment volume	CHFm 516.0; expected remaining CHFm 516.0 (30 June 2021)
Actual project status	zoning/special use plan pending
Timetable	1st stage: construction start 2024, expected completion 2026/27 and 2029, 2nd stage: construction start 2030, expected completion 2032, 3rd stage: construction start 2035, expected completion 2040
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 16.5
Estimated sales revenue	CHFm 278.0

Lancy GE, Porte Sud, Pratalia

Site description

Site number HIAG	223
Location	"Pratalia – Porte Sud" is located in Lancy (GE) next the Geneva soccer stadium between the cities of Lancy, Carouge and Geneva next to a multimodal platform. The Site is directly connected to the Leman Express new train station "Lancy-Bachet" since 2020 / Geneva highway access / tram, bus, bicycle path. This Site is the "Porte Sud" of Geneva's city and of the major project of the PAV (Praille-Acacias-Vernets), which is expected to accommodate 1.7 million sqm gross floor area on about 230 hectares by 2040 (with 12,400 sqm housing). In 2015, the foundations and templates of the project were validated by the authorities of the Canton of Geneva.
Type of uses	Temporary uses
Site area	13,362 sqm
Form of ownership	building right, free holder FPAV (Fondation Praille Acacias Vernets, Canton de Genève)
Actual usable area	n/a, Pratalia is undergoing conversion and is currently rented out for ephemeral leisure, entertainment and sports activities. The objective of this transition is to make the Site attractive for all ages and with a strong family vocation by offering complementary activities. This current ephemeral occupation is intended to ensure a smooth transition and to make Pratalia a new lively destination.

Project 223 01

Description	The sector B of the planning area PAV (Praille-Acacias-Vernets), also called "Camembert", comprises a ground area of 23,000 sqm, of which 10,000 sqm are held by the Canton. The share of the Canton being directly linked to the stadium and the nearby railway station, the remaining privately held 13,000 sqm are subject to development. Within the agglomeration, the Porte Sud project is ready to deploy a unique and innovative programme mainly intended for innovative companies and organisations, as well as sports and cultural facilities linked to those already present in the sector. The "International Geneva" and the "Local Geneva" complement each other for the influence of the project.
Land plot	13,000 sqm
Total usable area	87,000 sqm
Type of uses	office, retail, hotel, sports/leisure, health/wellness
Investment volume	CHFm 430.0; expected remaining CHFm 430.0 (30 June 2021)

Actual project status	The development of the project is underway, in collaboration with the urban planning and economic services of the canton of Geneva and of the Lancy's city. Expected conclusion of new building lease contract in the course of the next year.
Timetable	Foundations of the project validated by the authorities in 2015; expected "Plan de quartier" in 2022/2023; expected building permission in 2025; expected start of construction in 2026; expected completion in 2028/2029
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 34.5
Ground lease	CHFm 3.8 per year

Niederhasli ZH, Center Superstructure (Zentrumsüberbauung)

<u>Site description</u>

Site number HIAG	103
Location	The Site is located directly at the railway station in Niederhasli (ZH). Together with the landowner SBB Immobilien and the municipality, a centre development was initiated in an attractive location with good accessibility to Zurich Kloten Airport.
Type of uses	industrial, storage
Site area	16,691 sqm
Form of ownership	sole ownership
Actual usable area	7,900 sqm

<u>Project 103 02</u>

Description	The new neighbourhood at the railway station connects the traditional village centre with the natural area of Haslisee. It will be a socially mixed residential quarter with a high-quality of life. Attractive outdoor spaces and an interesting range of shops and service providers offer added value not only for the residents and users of the neighbourhood, but also for the municipality.
Land plot	16,700 sqm
Total usable area	16,200 sqm (30 June 2021)
Type of uses	11,000 sqm rental apartments (about 130 units), 4,300 sqm owner occupied (about 50 units), 900 sqm commercial and public use, about 180 parking units
Investment volume	CHFm 86.7; expected remaining CHFm 85.8 (30 June 2021)
Actual project status	private special use plan in preparation

Timetable	start approval procedure private use plan June 2022, expected building permission 2024, expected completion in first semester 2028
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 3.2
Estimated sales revenue	CHFm 38.4

Kleindöttingen AG, Grossacher 1st/2nd stage

Site description

Site number HIAG	102
Location	The Grossacher Site is located in the lower Aare valley adjacent to the Klingnau reservoir, a natural paradise of international importance.
Type of uses	green field
Site area	192,590 sqm
Form of ownership	sole ownership
Actual usable area	n/a

Project 102 08

Description	The Grossacher is to be developed by HIAG and the owner on the neighbouring plot into a mixed-use area in the next few years. Due to its size, the development is to be spread into stages over about 15 years.
Land plot	46,000 sqm
Total usable area	31,000 sqm
Type of uses	24,000 sqm residential, 7,000 sqm commercial
Investment volume	CHFm 133; expected remaining CHFm 133 (30 June 2021)
Actual project status	zoning in place, special use plan in preparation
Timetable	development of special plan until 2023; expected completion of the first HIAG projects as of 2029
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 5.0
Estimated sales revenue	CHFm 47.0

Biberist SO, Papieri, 2nd stage commercial, 1st stage residential

Site description

Site number HIAG	361
Location	The former paper mill in Biberist is located in a strategic location in the middle of Switzerland at the highway intersection A1 (Zurich-Berne) and A5 (Solothurn-Biel). The Site is well equipped with basic infrastructure, such as railway and highway access, two-sided connection to the national high voltage grid, steam and gas supply as well as freshwater sources. The Papieri-Site is a major project in the Canton of Solothurn for industrial and commercial developments. In the long term, the Site will become a business park with manufacturing facilities, office, retail and residential use.
Type of uses	industrial, commercial, logistics, residential
Site area	271,485 sqm
Form of ownership	sole ownership
Actual usable area	47,000 sqm

Project 361 2nd stage commercial

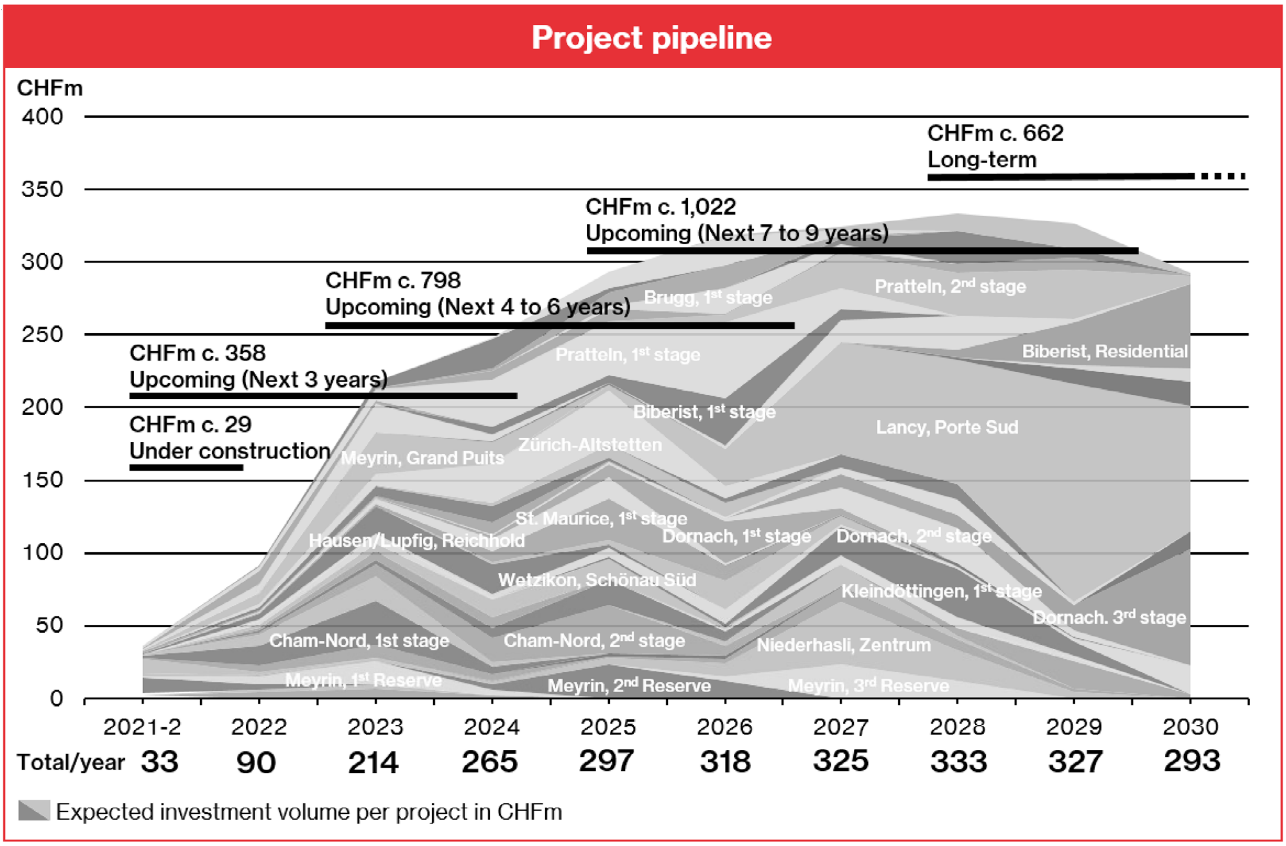
Description	In the mid-term to long term, the main Site will become a business park with manufacturing facilities, office and retail use.
Land plot	107,000 sqm
Total usable area	117,000 sqm
Type of uses	production, office, logistic, retail
Investment volume	CHFm 168.0; expected remaining CHFm 168.0 (30 June 2021)
Actual project status	zoning/special use plan pending
Timetable	realisation in stages, expected completion in 2027, 2029, 2031 and 2033
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 12.5

Project 361 3rd stage residential

Description	In the long term, it is intended to develop on a minor part of the Site residential uses next to the train station and Emmen river.
Land plot	38,000 sqm
Total usable area	22,600 sqm
Type of uses	22,600 sqm residential
Investment volume	CHFm 98.0; expected remaining CHFm 98.0 (30 June 2021)
Actual project status	zoning/special use plan pending
Timetable	realisation in stages, expected completions in 2029, 2031 and 2033
Pre-let ratio, WAULT	n/a
Estimated rental value	CHFm 6.0

Expected investment volume and potential project funding elements

The below graphic displays the expected investment volume of HIAG's project pipeline without further acquisitions during



The Group currently pursues an actual project pipeline on its own land with around 60 potential short-, mid- and long-term development projects as at 30 June 2021. The completion of its current development plans is expected to create an additional lettable area of 783,000 sqm including about 3,200 residential units. The corresponding Potential Property Income is CHFm 161.0 plus sales from promotion projects of CHFm 550.0. The expected investment volume of the Development Portfolio without future acquisitions amounts to CHFb 2.9, thereof CHFb 2.5 of which shall be realised in the next ten (10) years.

Valuation

Wüest Partner has (before the Offering) and will (after the Offering) continue to conduct the valuation of the Group's Properties on a half-yearly basis (i.e., annual appraisal at year end and review at half-year). The valuation by Wüest Partner encompasses all Yielding Properties, Sites and Development Properties, Properties held for sale, distinct and permanent rights (building rights), co-ownership shares, agricultural land and power plants of HIAG.

Valuation expert

Wüest Partner is an independent, owner-managed consulting firm. As impartial experts, they have been delivering first-class decision-support tools for professional real estate players since 1985. Wüest Partner offers to their clients – both in Switzerland and abroad – a wide range of services encompassing advice, valuations, data, applications, publications and education. Their knowledge creates transparency and helps to break new ground for the continued development of the real estate sector.

With its interdisciplinary team of approximately 280 consultants, the company has an impressive skill base and many years of experience to build on. Wüest Partner's employees cover the disciplines of economics, architecture, information technology and engineering as well as the social and natural sciences. An international network of partner companies and regional experts with a strong local anchoring complements the teams of consultants working in our Zurich, Geneva, Bern, Lugano, Frankfurt am Main, Berlin, Hamburg, Munich, Dusseldorf and Paris offices.

Wüest Partner AG is owned and managed by 23 partners, who vouch for the continuity, independence and sustainable performance of the company.

Responsibilities

The Group has concluded agreements with Wüest Partner on the execution of Property evaluations, location analyses and project evaluations as well as licenses for the purchase of real estate data. Wüest Partner's primary task is to value HIAG's Properties in line with market, accounting and regulation standards and to provide support for the Group's Investment Properties Portfolio management. In particular, the appraisal of the original Fair Value of the Properties prior to their acquisition by the Group or during the acquisition process, the periodic revaluation of all Properties, and the calculation and provision of main risk figures is conducted by Wüest Partner.

Wüest Partner guarantees an independent and neutral valuation of the Properties and the Investment Properties Portfolio. The Properties are valued on the basis of Wüest Partner's market data and calculation models, with a special focus on current Property information, rent rolls (*Mieterspiegel*), tenants, operational accounting and entries in the real estate register. In addition to Property-specific information, the valuations also take into consideration the local market situation (based on a transactional data base) and regional development prospects and evaluate the opportunities and risks of the Properties.

The periodic revaluation of all Properties is essential to the management of the Investment Properties Portfolio. The revaluation is also essential both for ascertaining the value of the assets and for determining the performance of individual Properties and of the Investment Properties Portfolio as a whole. A desktop appraisal of all Properties is conducted semi-annually with an extensive revaluation and Site inspection on a three (3) year rotation for every Property and after completion of important investments or completion of developed projects. Changes in the quality of the buildings or locations and changes in the income and cost situation are being accounted for and documented. The discount rates are adjusted to current market conditions on the basis of transaction evidence and capital market trends. The results are represented in a report that contains tables listing all market values per Property, in addition to outlining the main positions that have led to changes in the Fair Value.

Wüest Partner provides statements on the risk and return profile of individual Properties and, on an aggregated level, of the Investment Properties Portfolio. These figures enable the Group to make specific improvements to the risk and return profile of the Investment Properties Portfolio. Moreover, these figures constitute a pillar of comprehensive risk management.

Valuation methods

The Properties are generally valued by Wüest Partner according to the discounted cash flow method (the "**DCF-Method**"), which corresponds to international standards and is also used in company valuations except for agricultural plots. While there is freedom of choice in the method selected for real estate valuations, discounted cash flow is generally recognised as best practice. According to the discounted cash flow method, the Fair Value of a Property is determined through deriving the sum of all future estimated net earnings and discounting to the present time, taking into consideration investments or future repair costs. The net income is discounted separately for each Property with due allowance for specific opportunities and threats, and adjustment in line with market conditions and risks. A detailed report for each Property discloses all expected cash flows, thus creating the greatest possible degree of transparency. In the report, attention is drawn to substantial changes as compared with the previous valuation.

Properties under construction and development projects are also valuated using the DCF-Method. The Fair Value of the project as at valuation date is inferred in three steps:

- Valuation of the Property at the time of completion, taking into account the current occupancy/sales rate, the market and the cost estimation as at valuation date;
- calculation of the market value as at valuation date, taking into account the projected investments still to be undertaken; and
- estimate of the development risk in relation to the current project status and its treatment as a separate cash flow at a cost position.

Properties under construction which are held for sale (for example condominiums) are valued according to Swiss GAAP FER 17 at the lower of cost or market. value of the acquisition or production costs and the net realisable value. This means that they are valued at the lower of cost or market. This means that the current work and production costs are activated and the re valuation is carried out at the lower value.

Valuation standards and principles

Wüest Partner perform the valuations in accordance with national and international standards and guidelines in particular with the International Valuation Standards (IVS and RICS/Red Book) and the Swiss Valuation Standards (SVS) and as well as in accordance with the requirements of SIX Swiss Exchange. The Property values determined correspond to the current value (Fair Value) as described in Swiss GAAP FER 18, item 14.

The fair value is defined as the amount for which a Property would most probably be exchanged on the open market on the valuation date between two independent and knowledgeable parties willing to buy and sell, respectively, with due allowance made for a reasonable marketing period (the "**Fair Value**").

Property transfer tax, property gains taxes, value added tax and other costs and commission fees that would be incurred if a Property were sold are not included (gross market value). Furthermore, the Group's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs are not taken into account.

The valuation principles are always based on recent available information regarding the Properties and the real estate market. Data and documentation relating to the Properties are provided by the owner and presumed to be accurate. All real estate market data stem from the data bases maintained by Wüest Partner, which are updated on an ongoing basis.

Principal establishments

The Group's headquarters are at Aeschenplatz 7, 4052 Basel. The Group further operates from Löwenstrasse 51, 8001 Zurich, and Rue François-Bonivard 10, 1201 Geneva.

Intellectual property rights

The Group's portfolio of registered trademarks and domain names includes, among others:

- registered Swiss trademark "HIAG Immobilien", registration no. 625150 (word trademark) and 625151 (figurative trademark);
- registered Swiss trademark "Legler", registration no. 703917;
- registered Swiss and international trademark "HIAG", registration no. 736470 (Switzerland) and 1518086 (international);
- registered Swiss trademark "Les Cadolles", registration no. 741525 (figurative trademark); and
- domain name "http://www.hiag.com".

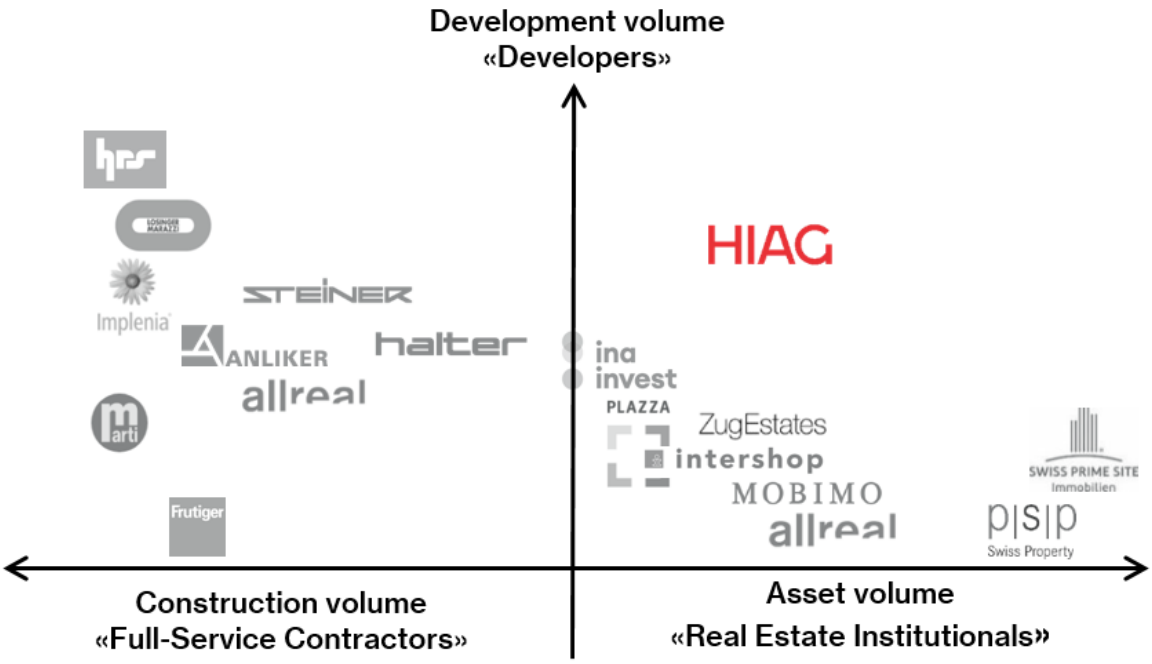
The business of the Group does not depend on any intellectual property rights owned by third parties, or any licensing or similar agreements that would be material for the continuation of its business.

Research and development

The Group is active in the real estate business and, therefore, does not carry out any research and development (other than development of Properties) activities material to is business.

Competition

Other players active in the Swiss real estate market range from listed property companies (e.g. Allreal, Mobimo, PSP, Swiss Prime Site), through redevelopers to full-service general contractors, which typically acquire the Sites needed for the project development. By way of example these are portrayed in the following matrix (positioning of the main competitors of HIAG, source: HIAG company presentation), based on their corporate strategy and market segmentation:



Litigation

We are, from time to time, party to court, arbitral or administrative proceedings arising in the ordinary course of our business operations. As of the date of this Prospectus, we are involved in the following pending or impending court, arbitral or administrative proceeding which we cannot exclude to potentially be of material importance to our assets and liabilities or profits and losses:

- With date of 11 December 2019, HSSP AG, Zurich, Switzerland ("**HSSP**"; formerly HSSP GmbH) (as plaintiff and counter-defendant), filed for court proceedings at the Commercial Court of the Canton of Zurich against HIAGIS (as defendant and counter-plaintiff) in light of substantial project delays, cost overruns and construction defects that occurred in connection with the project "The Cloud" in Baar, Switzerland. HSSP claims for a payment in the total amount of CHFm 2.0 (plus interest) for allegedly outstanding fees (including legal fees). With date of 11 May 2020, HIAGIS filed its reply to the complaint and a counterclaim against HSSP, thereby (i) requesting the court to dismiss HSSP's claim and (ii) claiming damages based on delay, construction defects, incorrect information on costs and untimely termination in the total amount of CHFm 6.7 (plus interest). By nature, the outcome of this case cannot be predicted with certainty, but we see valid grounds to assume it will at least not result in a cash payment (net) of HIAGIS to HSSP. If HSSP should, as a result of this court proceeding, be legally obliged to make a payment to HIAGIS, the successful enforcement of such payment obligation (fully or partially) may be difficult or not possible at all.
- HIAGIS is defendant in a court proceeding in connection with construction defect at the project "Spinnerei III" in Windisch, Switzerland. The value in dispute amounts to CHFm 5.0. The conciliation hearing was held in front of the Justice of Peace Office (Friedensrichteramt) Brugg, Switzerland, and rectification of the construction defects is under process. The plaintiffs did not file a lawsuit within the three-month timeline of the permit of action (Klagebewilligung), since the conciliation was mainly initiated to interrupt the statute of limitations.

For certain risks associated with court, arbitral or administrative proceedings, see "*RISK FACTORS – Risks related to the legal and regulatory environment – The Group may be involved in legal and other proceedings arising from its operations from time to time.*".

Employees

Overview

The Company's business activities are primarily carried out by its subsidiaries. The Group aims to concentrate its personal resources on strategic activities linked to Site development, portfolio-/ asset management and transaction management. All activities that are not considered as strategic are outsourced to services suppliers that are integrated in the Group's business processes. Facility services are sourced internally when considered strategic for a former industrial Site that is to be developed and requires special expertise.

Employees	**31 December 2018**	**31 December 2019**	**31 December 2020**	**30 June 2021**
Posts end of period	**62**	**107**	**85**	**76**
– thereof core team real estate(1)	48 (17)(2)	51 (40)(2)	58 (32)(2)	59 (40)(2)
– thereof related to cloud services(3)	14	20	n/a	n/a
– other(4)	n/a	36	27	17
Posts equal to FTEs	**53**	**96.5**	**77.3**	**70.8**
– thereof core team real estate(1)	39.4 (11.9)(2)	42.3 (34.1)(2)	51 (27.5)(2)	54 (37.7)(2)
– thereof related to cloud services(3)	13.6	19.4	n/a	n/a
– other(4)	n/a	34.8	26.3	16.8

(1) *The core team real estate comprises all functions of the Group linked to the core business, such as portfolio management, Site development, Property marketing, communication, accounting, tax services, back office and management.*

(2) *Number of posts of insourced facility services within core team real estate (included in (1)).*

(3) *All employees of HIAG's cloud services segment left HIAG in the second half year of 2020 after the closure of operations, as this segment was discontinued as of 31 December 2020.*

(4) *Includes project employees for the dismantling project at Areal Pratteln and those of Jaeger et Bosshard SA, Lancy. The number of project employees for the dismantling project at Areal Pratteln was reduced as planned and expected due to the progress of this project.*

Real estate team

As of 30 June 2021, the headcount of the Group's core real estate team amounted to 59 professionals covering the primary business activities as well as corporate functions such as accounting, human resources and marketing.

The management function of the Group is divided between the Executive Board, consisting of the CEO, the CFO and the General Counsel, and the Management Staff, which further comprises the head of portfolio management and the Site developers and the head of transactions. The Management Staff has a broad back-ground of expertise combining technical, legal, real estate and finance experience.

10. SIGNIFICANT AGREEMENTS AND ARRANGEMENTS

Lease agreements

Pursuant to the terms of its lease agreements (*Mietverträge*), the Group as landlord conveys the right to use a Property to a tenant against the payment of a rent. The Group's lease agreements with commercial tenants are usually entered into for a fixed initial term of between 5 and 15 years, often with one or more options for extension by the tenant after expiry of the initial term.

The rent is usually fixed for the entire term of the lease agreement. However, most of the Group's lease agreements provide for an adjustment of rent in line with inflation as measured by the CPI.

The main terms of the Group's lease agreements generally provide for the landlord to be responsible for maintenance and management of any Property. The costs in relation thereto, however, have to be borne by the tenant. Refurbishments, improvements and other capital expenditures are generally conducted and paid for by the Group as a landlord. In connection with any such alteration, the Group may increase the rent of any existing tenant. In the case of larger lease agreements, especially for buildings that are used by only one tenant and are tailored to the tenant in question, so-called double or triple net lease agreements are also frequently agreed.

Property management agreements

As of the date of this Prospectus, there are no agreements on the strategic management of the Properties of HIAG with companies other than Group companies. Only areas which are subject to potentially higher market competition, have comparatively lower margins or are more resource intensive are outsourced, e.g. architectural and technical planning, construction work or facility management for Investment Properties.

Valuation of HIAG's Properties

The Company has mandated Wüest Partner to perform the valuation of its Properties. The fee of Wüest Partner is independent of the valuation results. The fee rate is based upon the numbers of the valuations performed, the lettable area and the complexity of the Properties. Fees are charged on the basis of the time spent at pre-agreed hourly rates depending upon the numbers of the valuations performed. The invoiced fee is calculated according to the actual time spent. For further information, see also "*BUSINESS ACTIVITIES – Valuation*".

Joint venture HIAG Solar AG

The Company and aventron solar AG, an established producer of electricity from renewable energies based in Münchenstein (BL), established in 2021 the joint venture HIAG Solar AG with the aim of expanding solar power production on the Properties in HIAG's Investment Properties Portfolio in the long term. For this purpose, the Company and aventron have concluded a shareholders' agreement. The Company holds 49% of the shares of HIAG Solar. HIAG Solar is financed by loans from the joint venture partners. Financing could also be provided through bank loans.

Financing arrangements

The Company has entered into several credit agreements predominantly with banks. Typically, these agreements are designed as framework facility agreements and offer the Company the option to request several credit drawdowns up to the maximum amount of the facility agreement pursuant to separate drawdown agreements. The majority of the credit agreements are directly linked to the Properties, thus providing for separate security arrangements which typically include mortgage notes (*Schuldbriefe*) or similar security rights in rem on the Group's Investment Properties Portfolio in favour of the lender.

Most of the Group's facility agreements are entered into for an indefinite period. Such agreements provide, however, for extraordinary acceleration and termination of the facility agreements in certain circumstances, including breach of representations or covenants or in the case of a default or a cross-default under other financial indebtedness agreements as well as in the case of the insolvency of the Group.

Certain financing agreements contain extraordinary termination rights that are customary for such financing agreements, including change of control clauses granting the lender in case of a change of control of the Company an extraordinary right to terminate the financing agreement in the event of a change of control, as defined therein (see "*RISK FACTORS – Risks relating to the business operations of HIAG – A breach of covenants under financing arrangements of the Group could entail a forced sale of Properties or a suspension of dividend payments, and cross-default provisions may exacerbate existing risks.*").

The Group has banking relationships with several banks, amongst them Zürcher Kantonalbank.

For additional information on the financial liabilities of the Group, see pages F-1 to F-177 of this Prospectus.

Bonds

HIAG has five (5) fixed-rate bonds outstanding, maturing between 2022 and 2028 (the "**Bonds**"). The total amount of the Bonds is CHFm 700.0, their interest rate ranging from 0.75–1.0% per annum. All Bonds are listed at SIX Swiss Exchange.

General contractor agreements

The construction of larger buildings is partly carried out by means of general contractor agreements. At present, one general contractor agreement has been signed (Dietikon (ZH), Project XXXLutz) and another is under negotiation for the construction of Cham Nord, 1st stage yielding.

Loan agreements Beelastic

HIAG has granted one secured loan in the amount of CHFm 4.0 and one unsecured loan in the amount of CHFm 3.5 to Beelastic Holding AG, Zug. The loans were granted to finance the acquisition of assets and liabilities and contracts from HIAG's cloud services segment by Beelastic Holding AG.

11. INVESTMENT REGULATIONS

Investment strategy

The Group's investment strategy defines the type of Properties and participations that are eligible for investment, the investment principles, the risk distribution, and financing of investments. The investment strategy is set down in the Group's investment guidelines (the "**Investment Guidelines**"), which apply to the Company and its subsidiaries.

Investment Guidelines

The "Investment Guidelines of the HIAG Immobilien Group", as amended and adopted by the Board of Directors on 4 October 2021 and enter into force on 5 November 2021, read as follows:

"1. Introduction

The following Investment Guidelines form the basis of investment and divestment decisions made by HIAG Immobilien Holding AG as well as by subsidiary companies held directly and indirectly by it (jointly referred to as the "HIAG Immobilien Group") and set out the financing criteria of the HIAG Immobilien Group.

2. Real estate portfolio

The real estate portfolio of the HIAG Immobilien Group consists of both existing and development properties with an extensive project pipeline. The Group's infrastructurally well-connected sites are largely located in forward-looking growth regions along Switzerland's main arterial routes. High-yielding commercial, office and logistics real estate are the prime focus, as are selected residential properties in key economic regions in German and French-speaking Switzerland. The existing portfolio is broadly diversified in terms of geography, segments of usage, and tenant structure.

3. Business model

The HIAG Immobilien Group pursues an integrated business model that covers the entire life cycle of a property. At the core of the HIAG Immobilien Group's business model are sustainable site and project development, active portfolio and asset management plus the chiefly independent management, administration and rental of real estate. With the focus on creating value over generations, the real estate portfolio is continually optimised through purchases and sales within the value chain. The HIAG Immobilien Group's business model comprises existing properties generating stable income from long-term rentals (commercial premises and selected residential properties) as well as a sizeable development portfolio with corresponding capital growth and yield potential.

4. Investment policy

The HIAG Immobilien Group can invest in existing and development properties already held, acquire other existing and development properties to complement organic growth as well as optimise the quality of the real estate portfolio, and it can make investments in installations for the production of electricity from renewable energy.

Existing properties are:

- residential and commercial properties acquired or self-developed as long-term investment properties for the purpose of achieving an attractive return.

Development properties are:

- undeveloped or developed properties with high upside potential and which can be kept or acquired for the purpose of developing or rounding off the HIAG portfolio or selling self-developed promotional property;
- properties with a high vacancy rate and/or structural defects and/or with no contemporary use which were acquired or kept for development purposes or repositioning.

Installations for the production of electricity from renewable energy are:

- photovoltaic installations on the roofs and facades of properties of the HIAG Immobilien Group;
- hydropower installations at the sites of the HIAG Immobilien Group.

The HIAG Immobilien Group may divest existing and development properties in order to optimise the quality of the real estate portfolio and ensure the financial flexibility of the HIAG Immobilien Group.

The following may be divested:

- non-strategic properties as part of efforts to continually optimise the portfolio;
- properties whose upside potential has been exhausted;
- completed promotional properties.

The key criteria for investment and divestment decisions are:

- the relevant market and its potential;
- site quality and its development;
- property quality and exploitability (condition, standard);
- occupancy, tenant structure, creditworthiness of tenants and their development potential;
- management and maintenance costs;
- compliance with the ESG goals (principals, etc.) of the HIAG Immobilien Group;
- yield, cash flow and upside potential.

Investment and divestment decisions for the portfolio are based on broad diversification in terms of geography, segments of usage, and tenant structure, as well as long-term qualitative growth and high overall probability. The HIAG Immobilien Group focuses on properties in core and forward-looking growth regions in Switzerland. The HIAG Immobilien Group does not make investments outside Switzerland.

Properties may be acquired by means of asset deals, sale-and-leaseback transactions or share deals and also as a contribution in kind against shares of HIAG Immobilien Holding AG.

Properties earmarked for acquisition are subjected to extensive due diligence. Potential ecological risks are subjected to an environmental due diligence analysis, evaluated and factored into the purchase price. In the case of a share deal, financial and tax due diligence is also carried out.

An external real estate expert is consulted to provide a property evaluation as part of the due diligence process.

5. Financing

The HIAG Immobilien Group is financed with a balanced mix of debt and equity. Consolidated equity should be in the vicinity of 50% and amount to at least 40% of total assets.

The loan-to-value (LTV) ratio should be below 50%, but it may be temporarily increased to a maximum of 60% to seize opportunistic purchase opportunities. Debt is solidly structured with mortgage-secured bank loans and corporate bonds. The ratio of bank loans to corporate bonds is based on the HIAG Immobilien Group’s business financing strategy.

6. Compliance with and amendments to the Investment Guidelines

At the request of the Executive Board, investment and divestment decisions are taken by the Investment Committee or by the full Board of Directors, depending on the transaction volume.

The Investment Guidelines may be amended or expanded by the Board of Directors of HIAG Immobilien Holding AG in accordance with the purpose of the company as laid down in the Articles of Incorporation. Amendments must be made known to investors in a media release at least one month prior to entry into force.

The present Investment Guidelines were approved by the Board of Directors on 4 October 2021 and enter into force on 5 November 2021. They apply to all companies of the HIAG Immobilien Group and were approved by the Boards of Directors of these companies.

7. Publication

The Investment Guidelines are published on the HIAG company website under investors/corporate-governance/further-information.

(https://www.hiag.com/en/investors/corporate-governance/further-information/)"

Investments (capital expenditures)

Investments made

The following table shows the investments HIAG made in the financial years 2018, 2019 and 2020 relating to the Investment Properties Portfolio as well as to other projects:

in CHFm	FY 2018	FY 2019	FY 2020
Total acquisitions	**113.1**	**51.5**	**9.1**
Yielding Portfolio	112.2	–	–
Development Portfolio	0.8	51.5	9.1
Total investments	**45.7**	**65.6**	**66.4**
Yielding Portfolio	8.6	29.1	37.8
Development Portfolio	37.0	36.5	28.6
Total capital expenditure from Investment Properties Portfolio	**158.8**	**117.1**	**75.5**

in CHFm	FY 2018	FY 2019	FY 2020
Expansion office Basel	–	–	0.6
Renewal of consolidation & disclosure management tools	–	–	0.1
Cloud Services	22.4	0.5	–
Total capital expenditure from other projects	**22.4**	**0.5**	**0.7**

Current investments

Current investments of HIAG as per 30 June 2021 relating to the Investment Properties Portfolio as well as to other projects comprised the following:

in CHFm	HY 2021
Total acquisitions	**87.6**
Yielding Portfolio	53.0
Development Portfolio	34.6
Total investments	**27.3**
Yielding Portfolio	10.1
Development Portfolio	17.2
Total capital expenditure from Investment Properties Portfolio	**114.9**

in CHFm	**HY 2021**
Expansion office Basel	0.2
Renewal of consolidation & disclosure management tools	–
Cloud Services	–
Total capital expenditure from other projects	**0.2**

Investments already approved

As per 30 September 2021, the future investments which have already been approved for by HIAG and for which commitments have been entered into comprised the following:

in CHFm	**30 September 2021**
Total acquisitions	**4.9**
Yielding Portfolio	4.9
Development Portfolio	–
Total investments	**1.9**
Yielding Portfolio	–
Development Portfolio	1.9
Total capital expenditure from Investment Properties Portfolio	**6.8**

in CHFm	**30 September 2021**
HIAG Solar(1)	1.6
Total capital expenditure from other projects	**1.6**

(1) HIAG holds 49% and aventron 51% of HIAG Solar. The valuation is carried out using the equity method. HIAG and aventron solar AG invest in the same proportion as their shareholdings in HIAG Solar.

12. INFORMATION ON THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND AUDITORS

Board of Directors

The Articles of Associations provide that the Board of Directors (*Verwaltungsrat*) shall comprise of at least three (3) and no more than nine (9) members.

Election and term of office

All members of the Board of Directors, including its President (the "**President**", *Präsident des Verwaltungsrats*) and the Vice-President (the "**Vice-President**", *Vizepräsident des Verwaltungsrats*), are appointed individually at a shareholders' meeting, usually at the ordinary shareholders' meeting, for a term in office until conclusion of the next ordinary shareholders' meeting. It is possible for the members of the Board of Directors to resign or be removed before the end of term in office. New members shall join the Board of Directors for the remainder of the term in office of the member she / he is replacing. The members of the Board of Directors can be re-elected at any time. The Articles of Association do not provide for a limitation on terms in office.

The Board of Directors designates its secretary (*Sekretär*) that does not need to be a member of the Board of Directors.

Power and duties

The Board of Directors is entrusted with the ultimate direction of the Company's business and the supervision of the management of the Company. It represents the Company towards third parties and manages all matters which have not been delegated to another body of the Company by law, the Articles of Association or by a regulation such as the Company's organisational regulations (the "**Organisational Regulations**").

The Board of Directors may delegate the management or individual parts thereof as well as the representation of the Company to one or more natural persons or members of the Board of Directors. For the performance of its duties, the Board of Directors may form committees. It shall issue the Organisational Regulations and regulates the corresponding contractual relationships.

The Board of Directors' non-transferable and inalienable duties in accordance with Swiss law, the Articles of Association and the Organisational Regulations include:

a) the overall management of the Company and the issuing of all necessary directives;

b) determination of the Company's organisation;

c) determination of the structure of the accounting, financial control and financial planning;

d) appointment and dismissal of the persons entrusted with the management and representation of the Company and the granting of signature authorisations;

e) overall supervision of the persons entrusted with managing the Company, in particular with regard to compliance with the law, the Articles of Association, the regulations such as the Organisational Regulations and other directives;

f) compilation of the annual report and the remuneration report as well as preparation for the general meeting and implementation of its resolutions;

g) notification of the judge in the event that the Company is overindebted;

h) resolution on the subsequent payment of contributions on shares that have not been fully paid up; and

i) resolution on the determination of capital increases (*Feststellungsbeschluss*) and subsequent amendments to the Articles of Association.

According to the Organisational Regulations of the Company, its Board of Directors has delegated the operational management of the Company, safe for the non-transferable and inalienable duties of the Board of Directors, to the executive board of the Company which is headed by the CEO.

The Organisational Regulations of the Company shall also serve as a guidance for the Group entities other than the Company. As a rule, the responsibility for these Group entities lies with their respective board of directors and executive board. However, the Board of Directors and the Executive Board of the Company assume the overall supervision of these Group entities and are authorised to issue instructions to their respective board of directors to the extent permitted by law.

The President and the General Counsel form, usually together with the CEO, also the board of directors (with the President also serving as president) of all Group companies other than the Company.

Internal organisation

The Board of Directors constitutes a quorum if at least half of its members are present. It passes its resolutions and conducts its elections by a majority of the votes cast. In the event of a tie, the chairman has the casting vote. No quorum is required for the Board of Directors to pass resolutions that require public certification. Minutes shall be kept of the discussions and resolutions of the Board of Directors. The minutes shall be signed by the chairman and by the secretary of the Board of Directors.

The Board of Directors shall meet whenever business requires, but at least four (4) times per financial year, or at the written request of one of its members. Meetings of the Board of Directors shall be convened by the President or his deputy. Each member of the Board of Directors is entitled to request that a meeting be convened by stating the purpose of the meeting.

The Vize-President, who is an independent, non-executive member of the Board of Directors, ensures an independent and balanced leadership of the Company. He leads the Board of Directors and has the casting vote in case of interest conflicts of the President. The Vize-President is authorised to autonomously convene meetings of the Board of Directors or of the independent members of the Board of Directors, if any.

Members of the Board of Directors

As of the date of this Prospectus, the Board of Directors is composed of the following six (6) members. For information on functions and activities of the members of the Board of Directors see below:

Dr. Felix Grisard, President and non-executive member of the Board of Directors (since 2010), Swiss citizen, born 1968, term until ordinary shareholders' meeting 2022

Current activities within HIAG:

- President of the board of directors of all Group companies (including the Company)

Professional background/career:

- CEO ad interim of HIAG (2019)
- CEO of HIAG (200 –2010)
- COO of HIAG (1998–2001)
- Boston Consulting Group (199 –1998)

Educational background:

- lic. oec. HSG, St. Gallen
- Dr. oec. HSG, St. Gallen
- OPM Harvard Business School

Management or supervisory position in other major companies during the past five (5) years:

- n/a

Other activities and binding interest:

- President of the board of directors of HIAG Beteiligungs Holding AG, Basel
- Member of the board of directors of Botiss Medical AG, Berlin
- Member of the board of directors of Ultra-Bag AG, Basel
- Member of the board of directors of SFAG Holding AG, Basel
- President of the board of directors of MTIP AG, Basel
- President of the foundation board of Fürsorgestiftung der HIAG Immobilien Schweiz AG, Zug
- President of the foundation board of Wohlfahrtsfonds der HIAG-Gruppe, Baar
- Member of the advisory board of the University of St. Gallen

Salome Grisard Varnholt, non-executive member of the Board of Directors (since 2009), Swiss citizen, born 1966, term until ordinary shareholders' meeting 2022

Current activities within HIAG:

- Member of the board of directors of the Company

Professional background/career:

- Head of Senft AG, Zurich (since 2009)
- Assistant to Prof. Dominique Perrault, ETH Zurich (1999–2002)
- Head of Grisard Architektur AG, Zurich (since 1999)
- Employed at Herzog & de Meuron, Basel, Richter & Dahl Rocha, Lausanne, and Burkhard Meyer, Baden, (1991–1998)

Educational background:

- Dipl. architect ETH / SIA, Zurich

Management or supervisory position in other major companies during the past five (5) years:

- n/a

Other activities and binding interest:

- President of the board of directors of SFAG Holding AG, Basel
- President of the board of directors of Senft AG, Zurich
- President of the pension fund foundation of Senft AG, Zurich
- President of the board of directors of Grisard Architektur AG, Zurich
- Member of the board of directors of Schauspielhaus Zürich AG, Zurich

Dr. iur. Jvo Grundler, executive member of the Board of Directors (since 2017), Swiss citizen, born 1966, term until ordinary shareholders' meeting 2022

Current activities within HIAG:

- Member of the board of directors of all Group companies (including the Company)
- GC of HIAG

Professional background/career:

- GC of HIAG (since 2017)
- Of counsel at Zurich-based corporate law firm (since 2017)
- Legal counsel and partner at Ernst & Young AG, Basel, among other this as head of legal consulting and general counsel (2002–2017)
- Attorney at Andersen Legal, Zurich (2000–2002)
- Attorney at Zurich-based corporate law firm (1993–2000)

Educational background:

- Dr. iur. HSG, St. Gallen
- LL.M. Cambridge, UK
- Management or supervisory position in other major companies during the past five (5) years: legal counsel and partner at Ernst & Young AG, Basel, among other this as head of legal consulting and general counsel (2002–2017)

Other activities and binding interest:

- Vice president of the board of directors of Datacolor AG, Rotkreuz
- Member of the board of directors of SHL Business Areas AG, Lucerne
- Member of the board of directors of Serto Holding AG, Frauenfeld
- Vice president of the board of directors of Villiger Söhne Holding AG, Rickenbach
- Member of the board of directors of Villiger Söhne AG, Rickenbach
- President of the foundation board of HIAG Pensionskasse, Baar
- Member of the foundation board of Fürsorgestiftung der HIAG Immobilien Schweiz AG, Zug
- Member of the foundation board and executive manager of Wohlfahrtsfonds der HIAG-Gruppe, Baar

Balz Halter, Vice-President and non-executive member of the Board of Directors (since 2019), Swiss citizen, born 1961, term until ordinary shareholders' meeting 2022

Current activities within HIAG:

- Vice President of the board of directors of the Company

Professional background/career:

- President of the board of directors and chief executive officer of Halter AG, Schlieren (1986–2009)

Educational background:

- Dipl. Bau-Ing. ETH, Zurich
- Lic. iur. University of Zurich
- Executive Program at Stanford University

Management or supervisory position in other major companies during the past five (5) years:

- President of the board of directors of Halter AG, Schlieren
- President of the board of directors of Halter Holding AG, Schlieren
- President of the board of directors of Halter Unternehmungen AG, Schlieren

Other activities and binding interest:

- Member of the board of directors of mivune AG, Zurich

Dr. Christian Wiesendanger, non-executive member of the Board of Directors (since 2021), Swiss citizen, born 1964, term until ordinary shareholders' meeting 2022

Current activities within HIAG:

- Member of the board of directors of the Company

Professional background/career:

- Senior executive at UBS, including global head Investment Platforms and Solutions as well as head Wealth Management Switzerland (since 2010)
- Senior executive at Credit Suisse, including head Private Banking Latin America (2002–2010)
- Management consultant McKinsey & Company (1997–2002)

Educational background:

- Physicist
- PhD at University of Zurich
- MBA at INSEAD Fontainebleau

Management or supervisory position in other major companies during the past five (5) years:

- n/a

Other activities and binding interest:

- n/a

Anja Meyer, non-executive member of the Board of Directors (since 2021), Swiss citizen, born 1967, term until ordinary shareholders' meeting 2022

Current activities within HIAG:

- Member of the board of directors of the Company

Professional background/career:

- Owner and delegate of the board of directors of smeyers Holding AG, Lucerne (since 2014)
- Active in the real estate industry (business development and various management positions (since 2001)

Educational background:

- Diploma "Intensivstudium KMU-HSG
- Degree in commerce from the Cantonal School Lucerne (*Kantonsschule Luzern*)

Management or supervisory position in other major companies during the past five (5) years:

- n/a

Other activities and binding interest:

- Owner and delegate of the board of directors of smeyers Holding AG, Lucerne
- Member of the board of directors of Soluma AG, Emmen

The business address of the members of the Board of Directors is HIAG Immobilien Holding AG, Aeschenplatz 7, 4052 Basel, Switzerland.

Committees of the Board of Directors

There are four (4) committees of the Board of Directors: the compensation committee (the "**Compensation Committee**"), the audit committee (the "**Audit Committee**"), the investment committee (the "Investment Committee"; and, since 2021, the finance committee (the "**Finance Committee**"; together the "**Committees**"). Due to the shareholder structure, the size of the Company, and the specific circumstances of the Company, the Board of Directors does not have a nomination committee. Any such responsibilities are carried out by the Board of Directors as a whole.

Compensation Committee

The members of the Compensation Committee are appointed individually by the shareholders at the shareholders' meeting of the Company for a term ending at the end of the next ordinary shareholders' meeting of the Company. Re-election is neither restricted nor precluded. The Compensation Committee shall consist of at least two (2) members. Only members of the Board of Directors can be elected.

As of the date of this Prospectus, the Compensation Committee consists of the following members: Salome Grisard Varnholt and Balz Halter.

In accordance with the Organisation Rules, the Compensation Committee works in conjunction with the Board of Directors to periodically review the objectives and principles of the Company's compensation policy. The goal is to promote the development of and retain employees, thereby securing the competitiveness and long-term success of HIAG. The Compensation Committee also assesses the implementation of compensation-related principles by the Executive Board, and evaluates and prepares the compensation guidelines and programmes. It defines the applicable performance criteria for compensation. Proposals concerning these matters are submitted to the Board of Directors. These include, in addition to base salary, variable cash compensation, compensation in the form of options, shares and / or similar financial instruments in accordance with the applicable employee stock option programmes, retirement funds and / or additional benefits within the scope of overall compensation. The Compensation Committee also reviews the impact, attractiveness and competitiveness of these programmes at least every three (3) years. It also submits proposals and requests to the Board of Directors regarding the compensation of individual members of the Board of Directors, the Executive Board and certain members of the Management Staff, and the comprehensive amounts of compensation to be authorised by the shareholders' meeting of the Company for the Board of Directors and the Executive Board in accordance with the Articles of Incorporation and employee stock option programmes for the employees of the company and its subsidiaries. The Compensation Committee is also responsible for preparing the compensation report and submitting the corresponding request to the Board of Directors.

Audit Committee

The members of the Audit Committee are members of the Board of Directors that are appointed by the Board of Directors. As of the date of this Prospectus, the Audit Committee consists of the following two (2) members: Dr. Felix Grisard and Balz Halter.

The responsibilities of the Audit Committee consists of exercising executive supervision over all internal and external auditing activities, monitoring financial reporting and evaluating and further developing the internal control systems.

Investment Committee

The members of the Investment Committee are members of the Board of Directors that are appointed by the Board of Directors. As of the date of this Prospectus, the Investment Committee consists of the following three (3) members: Salome Grisard Varnholt, Dr. Felix Grisard and Balz Halter.

The Investment Committee assists the Board of Directors in fulfilling its duties in particular in the areas of planning and evaluating investments in the existing property- and real estate portfolio as well as purchasing and selling Properties and real estate.

Finance Committee

The members of the Finance Committee are members of the Board of Directors that are appointed by the Board of Directors. As of the date of this Prospectus, the Finance Committee consists of the following two (2) members: Dr. Felix Grisard and Dr. Christian Wiesendanger.

The Finance Committee supports the Board of Directors and the Executive Board in ensuring the sustainable financing of the Group in line with its long-term business strategy.

Executive Board

The members of the Executive Board are appointed and removed by the Board of Directors. The Executive Board is headed by the CEO and currently comprises of the following three (3) members:

- Marco Feusi, CEO
- Rico Müller, CFO
- Dr. Jvo Grundler, GC

For information on functions and activities of the members of the Executive Board see below:

Marco Feusi, CEO (since 2020), Swiss citizen, born 1972

Current activities within HIAG:

- CEO of the Company and certain other Group companies

Professional background/career:

- Partner and co-owner of Wüest Partner AG, Zurich, including as a member of the board of directors in 2003–2006 and 2013–2017 and as president of the executive board in 2017–2019 (2003–2019)
- Employed at Wüest Partner AG, Zurich (formerly Wüest & Partner AG) as scientific associate / senior consultant (2000–2003)
- Employed at ITERA Immobilien AG, Aarau, as an escrow agent and broker (1999–2000)
- Independent architect (1998–1999)
- Employed in various architectural firms (1993–1997)

Educational background:

- Dipl. architect HTL, Brugg-Windisch
- Master of Advanced Studies in Management, Technology and Economics / Industrial Management at ETH, Zurich
- Project management training

Management or supervisory position in other major companies during the past five (5) years:

- Partner and co-owner of Wüest Partner AG, Zurich, including as a member of the board of directors in 2003–2006 and 2013–2017 and as president of the executive board in 2017–2019 (2003–2019)

Other activities and binding interest:

- Member and assessor of the Royal Institution of Chartered Surveyors (MRICS), Switzerland
- Member of the board of directors of Norline AG, Neuhausen am Rheinfall

Rico Müller, CFO (since 2021), Swiss citizen, born 1978

Current activities within HIAG:

- CFO of the Company

Professional background/career:

- Head corporate services at Aebi Schmidt Group North America and member of the executive board for the North America business (2019–2021)
- Head of group controlling and deputy chief financial officer at Aebi Schmidt Holding AG, Frauenfeld (2017–2019)
- Leading positions at BDO, Zürich, Horvàth & Partners, Zürich and Deloitte, Zürich (2008–2017)

Educational background:

- Swiss Certified Public Accountant (The Swiss Institute of Accountants)
- Master's degree in Business Administration from the University of Zurich

Management or supervisory position in other major companies during the past five (5) years:

- Head corporate services at Aebi Schmidt Group North America and member of the executive board for the North America business (2019–2021)
- Head of group controlling and deputy chief financial officer at Aebi Schmidt Holding AG, Frauenfeld (2017–2019)

Other activities and binding interest:

- n/a

Dr. iur. Jvo Grundler, GC (since 2017), Swiss citizen, born 1966

Current activities within HIAG:

- Member of the Board of Directors of all Group companies (including the Company)
- GC of HIAG

Professional background/career:

- GC of HIAG (since 2017)
- Of counsel at Zurich-based corporate law firm (since 2017)
- Legal counsel and partner at Ernst & Young AG, Basel, among other this as head of legal consulting and general counsel (2002–2017)
- Attorney at Andersen Legal, Zurich (2000–2002)
- Attorney at Zurich-based corporate law firm (1993–2000)

Educational background:

- Dr. iur. HSG, St. Gallen
- LL.M. Cambridge, UK

Management or supervisory position in other major companies during the past five (5) years:

- Legal counsel and partner at Ernst & Young AG, Basel, among other this as head of legal consulting and general counsel (2002–2017)

Other activities and binding interest:

- Vice president of the board of directors of Datacolor AG, Rotkreuz
- Member of the board of directors of SHL Business Areas AG, Lucerne
- Member of the board of directors of Serto Holding AG, Frauenfeld
- Vice president of the board of directors of Villiger Söhne Holding AG, Rickenbach
- Member of the board of directors of Villiger Söhne AG, Rickenbach
- President of the foundation board of HIAG Pensionskasse, Baar
- Member of the foundation board of Fürsorgestiftung der HIAG Immobilien Schweiz AG, Zug
- Member of the foundation board and executive manager of Wohlfahrtsfonds der HIAG-Gruppe, Baar

The business address of the members of the Executive Board is HIAG Immobilien Holding AG, Aeschenplatz 7, 4052 Basel, Switzerland.

Signatory powers

The members of the Board of Directors and the Executive Board each have signatory power by two on behalf of the Company.

Convictions/proceedings

There have been no convictions against any of members of the Board of Directors and the Executive Board, acting in one of the capacities mentioned, for major or minor finance or business-related crimes in the last five (5) years, and there have been no legal proceedings against them by statutory or regulatory authorities (including designated professional associations) that are ongoing or have been concluded with a sanction.

Permitted other activities of the members of the Board of Directors and the Executive Board

The members of the Board of Directors and the Executive Board may not exercise any more than the following number of additional mandates in the executive or supervisory bodies of other legal entities, which are obligated to be entered in the Commercial Register or any comparable register in another country, and are not supervised by the Company or do not supervise the Company:

– members of the Board of Directors: ten (10) mandates, including a maximum of four (4) mandates in public corporations; and

– members of the Executive Board: ten (10) mandates, including a maximum of two (2) mandates in public corporations.

Not subject to these restrictions are mandates held in Group entities or those exercised by a member of the Board of Directors or the Executive Board on behalf of the Company (joint ventures; pension schemes of a Group entity; companies in which a Group entity holds a significant equity share, etc.). Also not subject to restrictions are mandates held in legal entities that are not obligated to be entered into the Commercial Register or comparable register in another country and honorary mandates for tax-recognised non-profit organisations.

The acceptance of mandates or employment by members of the Executive Board at companies outside of HIAG requires in any case the approval of the Board of Directors.

Ownership of Shares and options

As of 30 September 2021, the members of the Board of Directors and the Executive Board, each including their related parties, hold, directly and indirectly, a total of 5,388,083 registered shares (about 63.9%) in the Company and no option rights. For information on the principal shareholders of the Company, see "*CAPITAL AND VOTING RIGHTS – Description of the Shares – Disclosure of principal shareholders*".

Agreements related to the compensation of the Board of Directors and the Executive Board

General

The Board of Directors determines the amount of corresponding compensation of the Board of Directors and Executive Board within the amounts approved by the shareholders' meeting of Company. The Compensation Committee assists the Board of Directors in the determination and review of the compensation models. It prepares requests for the attention of the shareholders' meeting concerning the compensation of the Board of Directors and the Executive Board and may submit proposals concerning other compensation issues to the Board of Directors. The Board of Directors may also assign additional responsibilities to the Compensation Committee.

HIAG strives to obtain and hold on to talented, qualified and motivated employees and managers. A fair compensation system designed to match that of comparable companies supports this objective. As part of sustainable company development, short-, medium- and long-term aspects are taken into account.

Board of Directors

The members of the Board of Directors receive fixed compensation in cash and in shares (only Dr. Jvo Grundler as member of the Executive Board). This fixed compensation includes remuneration for their activities as members of the Board of Directors, in Committees and as members of board of directors of the Company's subsidiaries. Reimbursement of expenses is not considered as remuneration. The Company or other Group companies may reimburse the members of the Board of Directors for expenses in form and amount of flat-rate allowances recognised for tax purposes. Additional activities of the members of the Board of Directors for HIAG are compensated at cost and at the hourly rates customary in the market. Customary market rates mean that the hourly rate to be used for the service in question corresponds to the rate usually charged by third parties for similar services for employees with equivalent qualifications. For example, the hourly rate of a similarly experienced external tax advisor can be used for tax-related services performed by a member of the Board of Directors.

Executive Board

The compensation of members of the Executive Board is composed of fixed and variable remuneration. The fixed remuneration is made up of a base salary and possible other compensation components that are not performance-dependent (such as child allowances). The fixed remuneration is paid in cash and shares.

With regard to the disclosure of services and non-cash benefits and expenses, these are dealt with from a tax point of view. Out-of-pocket expenses are reimbursed on a lumpsum basis in accordance with expense reimbursement rules approved by the tax authorities, and other expenses are reimbursed on an actual cost basis. They are not included in the reported compensation.

Based on the Articles of Incorporation, variable remuneration is made up of two components: an annual individual bonus and individual long-term incentive plans (each an "**LTIP**"). The individual bonus is determined based on the annual performance of the individual member of the Executive Board. Individual objectives can be conclusions of important lease agreements, defined progress in the planning of development projects or a reduction in vacancies, for example. All objectives are taken into account when determining the individual bonus. The individual bonus is paid in cash. The individual bonus of the CEO is determined by the Compensation Committee. The individual bonuses of the remaining members of the Executive Board are evaluated by the CEO and discussed with the Compensation Committee. If the objectives are not reached, either the CEO can reduce or cancel the individual bonus for the remaining members of the Executive Board, or the Compensation Committee can do the same for the CEO.

The term of an individual LTIP is generally three (3) to five (5) years. The variable remuneration under an LTIP is based either on (i) pro rata on return on equity, (ii) on the increase in the value of the HIAG's Investment Properties Portfolio during a certain period of time or (iii) the increase in the value of other business segments of HIAG during a certain during a certain period of time. The payment of the variable remuneration under an LTIP may be paid in whole or in part in the form of shares of the Company or its subsidiaries either from conditional capital or from the treasury stock.

The current LTIP was established in the second half of 2020 (the "**2020 LTIP**"). The term of the 2020 LTIP is five (5) years (2020–2024) and all members of the Executive Board are participants in the 2020 LTIP. The 2020 LTIP relates to HIAG's annual return on equity ("**ROE**") measured by the respective consolidated net income of HIAG according to Swiss GAAP FER based on the equity at the beginning of the respective calendar year adjusted for dividend payments and possible changes in equity (pro rata). It allows plan participants to participate in an “excess return” based on the threshold. This measure is the same for all categories of plan participants. The amount of the 2020 LTIP basket is defined by the type and number of plan participants and the ROE achieved, whereby the latter is only taken into account up to the respective maximum value per plan year. Benefits under the 2020 LTIP are payable when shareholders have received at least an ROE equal to the threshold value. The threshold is 4.0% ROE in the first plan year and 5.5% ROE in plan years two (2) to five (5). Assuming the current plan participants, the bonus basket of ROE at the target ROE level of 4.0% in the first plan year and 5.5% in plan years two (2) to five (5) amounts to CHFm 4.7 for five (5) years and, if the maximum relevant ROEs of 5.0% in the first plan year and 6.5% in plan years two (2) to five (5) are achieved, CHFm 9.5 for five (5) years. This corresponds to a maximum of 3.6% of the absolute increase in value of the shareholders if the maximum relevant ROEs are reached. 50.0% of the 2020 LTIP is paid out annually in the form of blocked plan participant shares. The plan participant shares to which the plan participants are entitled are acquired in the following financial year by the employer for the account of the plan participants, taken from the portfolio of Own Shares (as defined below) or created from conditional capital and booked into a securities account determined by the employer. The closing price on the day of allocation is decisive. The acquisition by the plan participants is subject to a blocking period of five (5) years from the date of acquisition. The plan participant shares are credited to the plan participant accordingly at a discount of 25.3% on the pro rata incentive. The other 50.0% of the incentive consists of a cash payment. This cash portion will only be paid out in full if the plan participant is in non-terminated employment on 31 March 2025. The final settlement of the plan will take place in the first semester of 2025.

Agreements on remuneration

The employment contracts of the members of the Executive Board are for an unlimited period of time and include notice periods of six (6) months. Generally, they do not contain any unusual provisions. In particular, there is no severance payment agreed upon and there are no specific clauses in case of a change in control of the Company.

Under the Articles of Association, the maximum termination period for unlimited employment- or mandate agreements with members of the Board of Directors or the Executive Board is 12 months. A non-competition agreement for the period after the termination of an employment- or mandate agreement with members of the Board of Directors or the Executive Board is not permissible.

Loans and Credits

The Company may grant loans or credits to members of the Board of Directors or the Executive Board only at conditions equivalent to market standards. The total amount of outstanding loans and credits granted to members of the Board of Directors or the Executive Board shall not exceed CHFm 10.0. There is no share option plan.

Potential conflicts of interest

The following material interrelationships in legal, economic and/or personnel terms with regard to the members the Board of Directors, the Executive Board, the auditors and principal shareholders of the Company, on the one hand, and promoters or counterparties in buying or selling transactions involving real estate, or the managers and assessors of HIAG’s Investment Properties Portfolio, on the other, exist:

- Dr. Felix Grisard, the President, and Salome Grisard Varnholt, member of the Board of Directors, indirectly control principal shareholdings in the Company, see “*CAPITAL AND VOTING RIGHTS – Description of the Shares – Disclosure of principal shareholders*”;
- Anja Meyer, member of the Board of Directors, is the majority shareholder and a member of the board of directors of smeyers holding ag, Lucerne, and HIAG has entered into certain sales and leasing mandate agreements with smeyers holding ag, Lucerne, or its subsidiaries; and
- Balz Halter, member of the Board of Directors and the Investment Committee, is the chairperson of the board of directors of Halter AG, Schlieren, a competitor to HIAG in certain business areas.

Auditors

The independent auditors of the Company are Ernst & Young AG, Aeschengraben 27, 4051 Basel, who have been the auditors of the Company since its financial year 2001. The lead auditor, Fabian Meier, has been in office since financial year 2018. The lead auditor changes every seven (7) years at the latest.

Ernst & Young AG, Basel, is supervised by the Federal Audit Oversight Authority.

The shareholders of the Company elect the auditors on an annual basis at the ordinary shareholders' meeting of the Company.

The annual consolidated financial statements of HIAG as well as the annual financial statements of the Company included in this Prospectus, have been audited by Ernst & Young AG, Basel, as stated in their reports appearing herein.

13. LEGAL AND REGULATORY ENVIRONMENT

Swiss tenancy law

Term and right to termination of lease agreements

Swiss law provides that lease agreements may be concluded for a limited or indefinite duration.

A lease agreement for a limited duration expires at the end of its term, without any need for additional notice. If the parties tacitly continue the tenancy beyond the term of the contract, its duration becomes indefinite.

A lease agreement for an indefinite duration may be terminated by giving at least six (6) months' notice (for commercial premises) or three (3) months' notice (for residential premises) expiring on a date fixed by local custom or, in the absence of such local custom, at the end of the six-month or three-month period, respectively. The parties may agree on a longer notice period or on another termination date.

Where performance of the agreement becomes unconscionable for the parties for good cause, Swiss tenancy law provides (in case of both fixed-term and indefinite term tenancies) for tenant and landlord a right of early termination of the tenancy by giving the legally prescribed notice expiring at any time. A court will determine the financial consequences of early termination, taking into account all the circumstances. In practice, early termination of a lease agreement often relates to delays in payment (special rules apply if the tenant is in arrears with payment) or insolvency of the tenant – both cases are specifically covered by law. Furthermore, special provisions of the lease agreement may entitle both parties to early termination.

If the landlord sells or otherwise alienates a Property which is subject to a lease agreement, the lease agreement passes to the acquirer together with ownership of the Property. The contractual relationship with the new owner remains the same as with the previous owner. However, the new owner may give notice to terminate the lease agreement as of the next legally permissible termination date if he claims an urgent need of the Property for himself, his close relatives or in-laws.

The landlord must give notice of termination using a form approved by the Canton that informs the tenant on how he must proceed if he wishes to contest the termination or apply for an extension of the lease agreement. A notice of termination may be challenged where it contravenes the principle of good faith. Notice of termination served by the landlord may inter alia be challenged, in particular, where it is given because the landlord wishes to impose a unilateral amendment of the lease agreement to the tenant's detriment or to change the rent or for the sole purpose of inducing the tenant to purchase the rented premises as well as because the tenant is asserting claims arising under the lease in good faith.

Furthermore, the tenant may under certain circumstances request the extension of a lease agreement with fixed or indefinite term where termination of the tenancy would cause a degree of hardship for him that cannot be justified by the interests of the landlord. In such case, the lease agreement may be extended by up to six years for commercial premises and up to four years for residential premises.

Rent payments

Subject to certain exceptions, rents are unfair where they permit the landlord to derive excessive income from the rented Property or where they are based on a clearly excessive sale price. In the case of a fixed-term lease agreement the landlord has no statutory right to make rent adjustments during the term of the lease agreement. Forms of rent adjustment may be contractually agreed upon, although these are strictly controlled by statute.

Rents can be indexed. Under an indexed lease agreement, the rent is periodically adjusted according to the index. An agreement to link rent to an index is valid only where the lease agreement is entered into for at least five (5) years (the decisive factor is that the agreement cannot be terminated by the landlord during this period) and the benchmark is the CPI. Further, Swiss court precedents have permitted agreements where the contractual net rent is considered the minimum rent that must apply under any circumstances, even if the CPI should fall below the original rent amount. If the lease agreement provides for an index clause, the parties are, in principle, not allowed to agree upon further rent adjustment forms. Instead of an index, the parties may agree upon a periodical increase by fixed amounts. Such stepped rents are only valid where the lease agreement is entered into for at least three years, the rent is increased no more than once a year, and the amount by which it is increased is fixed in CHF.

A landlord may, at any time, increase the rent with effect from the next expiration date. The rent increase is invalid if (i) it is not communicated in the prescribed form, (ii) no reasons are given or (iii) the notification of the increase is accompanied by notice to terminate or a threat of termination of the lease agreement. Aside from these formalities, there are only a few legally admissible reasons for increasing the rent, such as increase in costs, additional services provided by the landlord or to balance out inflation on the risk capital. Although it is generally admissible to increase the rent when a lease agreement of limited duration has expired, the new rental amount may still be considered abusive if it is significantly higher than the previous rental amount. The tenant may challenge the initial rent as unfair within 30 days of taking possession. The existing tenancy remains in force without change during such proceedings.

Acquisition of real estate by persons abroad (Lex Koller)

The Federal Act on the Acquisition of Real Estate by Persons Abroad restricts the acquisition of Swiss non-commercial Properties by certain non-Swiss national persons and non-Swiss controlled entities. These persons or entities need an authorisation from the competent cantonal authority to acquire non-commercial Properties or a participation in a company predominantly holding non-commercial real estate (including residential Properties and unbuilt land). No authorisation is required, inter alia, for the acquisition of real estate that is used for business purposes, i.e. real estate Properties that are used for professional, commercial or industrial activities can, subject to limited exceptions, be acquired without a prior authorisation.

The acquisition of shares in a Swiss listed real estate company is not subject to this legislation. The Group itself is not affected by the legislation as long as it remains Swiss controlled. The Articles of Association empower the Board of Directors to decline the registration of non-Swiss persons as shareholders with full voting rights, if and to the extent their registration by the Company may prevent it from satisfying the requirements under Swiss federal law regarding the shareholders of the Company. Should the Company nevertheless become controlled by non-Swiss nationals, the Group may be restricted in acquiring new Properties that are subject to the legislation, but the Group would not be required to divest any existing Properties that are subject to the legislation.

The Swiss Federal Council, based on the mostly negative feedback received on its proposals during the respective consultation, decided in 2018 not to pursue a revision of the Lex Koller. However, the Swiss Parliament is now discussing a motion to request the Swiss Federal Council to propose a revision of the Lex Koller based on the previous proposal. Such revision may, inter alia, propose that the acquisition of commercial real estate by non-Swiss residents shall be subject to an official authorisation. Besides, there is an initiative pending by the Swiss Parliament requesting that strategic infrastructures of the energy industry – namely hydroelectric power plants, electricity grids and gas grids – shall be subject to the Lex Koller. If restrictions of the Lex Koller were adopted, negative consequences on the Swiss real estate marketplace would have to be expected.

Environmental liabilities

The Federal Act on the Protection of the Environment of 7 October 1983, as amended (the "**EPA**"; *Umweltschutzgesetz*) and mainly the Ordinance on the Remediation of Polluted Sites of 26 August 1998, as amended ("**CSO**"; *Altlasten-Verordnung*), define the rules regarding the remediation of contaminated areas such as industrial Sites, landfills and accident Sites. They apply to all existing contaminated Sites, either closed down or still in operation, regardless of when the contamination occurred and of the kind of contamination (e.g. lead, copper, arsenic, carbolic acid etc.). However, asbestos which was used in buildings is not considered a contamination under the Federal Environmental Protection Act, and its removal or containment is governed by rules regarding protection of employees, construction safety and tenancy. The Annex 1.6 of the Chemical Risk Reduction Ordinance of 18 May 2005 (*Chemikalien-Risikoreduktions-Verordnung*), as amended, governs the prohibition of the use of asbestos.

The CSO draws a distinction between polluted Sites and contaminated Sites. A Site is polluted if there is likelihood that the soil is polluted by waste or other substances. Should the polluted Site actually or potentially cause harmful effects or nuisances to the environment and the water, it is contaminated and must be remedied. The levels of contamination that trigger remediation or surveillance obligations are set forth in the CSO or are determined by the competent authorities. The competent cantonal or federal authorities have to ensure that contaminated Sites are remedied. Cantons identify and list the polluted and contaminated Sites in official registers.

The person responsible bears the costs of the measures required to investigate, monitor and remediate polluted Sites. If two or more persons are responsible, they bear the costs according to their shares of the responsibility. If the proprietor of land removes material from a polluted Site that does not require to be disposed of in terms of the EPA, two-thirds of the additional costs for the disposal of the polluted waste incurred during the course of a building project may be claimed from the previous owner or the polluter if (i) the previous owner did not grant a reduction of the purchase price due to the pollution, (ii) the clean-up is a condition for the construction or alteration of the new building, and (iii) the Property was bought between 1 July 1972 and 1 July 1997. Such claims may be filed at the latest by 1 November 2021.

As a general rule, the current operator or holder of the Site is the party responsible for taking remedial measures. The obligation to carry out the remediation must be distinguished from the obligation to bear the costs thereof. Generally, all polluters share the costs of the clean-up in proportion to their responsibility for the pollution. Consequently, the person who directly caused the contamination of the Site has to pay in the first instance. The individual or company who controls the Site usually has to bear at least a small proportion of the costs, even if it does not have a direct relation with the cause of the contamination. While the Canton or Swiss Confederation may bear part of the costs of a polluter who is unknown or insolvent, there remains a risk that such cost has to be borne by the holder of the Site (see "*RISK FACTORS – Risks relating to the business operations of HIAG – The Group is exposed to risks arising from environmental liabilities.*").

14. CAPITAL AND VOTING RIGHTS

Set out below is certain information concerning the Company's share capital as well as the voting rights of shareholders and a brief summary of certain provisions in the Articles of Association, the CO and other Swiss statutes relating to the Shares as well as the voting rights of shareholders. This description does not purport to be complete and is qualified in its entirety by reference to the Articles of Association, the CO and such other statutes as in effect as of the date of this Prospectus.

Capital structure

Issued share capital

As of the date of this Prospectus, the Company has a fully paid-up issued share capital of CHF 8,433,000, consisting of 8,433,000 registered shares with a nominal value of CHF 1 each.

Creation of Offered Shares

The Offered Shares will be newly issued by the Company in an authorised share capital increase based on the authorised share capital resolved by the extraordinary shareholders' meeting of the Company on 29 September 2021 (the "**Authorised Capital Increase**"). Based on the new article 3c of the Articles of Association, the Board of Directors is authorised to (i) increase the Company's share capital at any time until 29 September 2023 by up to CHF 1,700,000 through issuance of up to 1,700,000 fully paid-in Shares to a new share capital of the Company of up to CHF 10,133,000 divided into 10,133,000 fully paid-in Shares, (ii) determine the final number of the newly issued Shares in the course of the Authorised Capital Increase, (iii) determine the issuance price of the newly issued Shares in the course of the Authorised Capital Increase, (iv) determine the dividend entitlement of the newly issued Shares in the course of the Authorised Capital Increase and (v) determine the type of contribution to subscribe for the newly issued Shares in the course of the Authorised Capital Increase. Increasing the share capital in the course of the Authorised Capital Increase by way of a firm underwriting (*Festübernahme)* and/or in partial amounts is permitted. The Board of Directors may allow Rights that have not been exercised to lapse, or it may place Shares on the market for which Rights that have been granted but not exercised.

Based on the authorisation of the shareholders' meeting of the Company dated 29 September 2021, the Board of Directors resolved on 1 November 2021 (i) to increase the Company's share capital by up to CHF 1,686,600 through issuance of up to 1,686,600 fully paid-in Shares, (ii) to honour the pre-emptive rights of the existing shareholders, (iii) that, taking into account the expectation that the Majority Shareholders will exercise through SFAG Holding AG, Basel, Switzerland, in total about 17.8% of their Rights and thereby acquiring about 189,474 Offered Shares, assuming an Offer Price of CHF 95.00 (mid-point of the Offer Price Range), five (5) Rights will grant the holder thereof the right to purchase two (2) Offered Share at the Offer Price, and (iv) that the Offered Shares will be eligible for dividends and other distributions of the Company, if any, for the financial year 2021 ending as of 31 December 2021.

The definitive number of Offered Shares sold or placed are expected to be determined on or about 15 November 2021 based on the number of Rights exercised during the Rights Exercise Period and the number Offered Shares placed in the Share Placement and will be published in the Supplementary and in a media release by the Issuer on or about 16 November 2021.

On or around 16 November 2021, the Board of Directors is expected to execute the Authorised Capital Increase (*Feststellungsbeschluss*) and to create the Offered Shares, along with the relevant amendments to the Articles of Association. The Offered Shares are expected to be registered with the Commercial Register of the Canton of Basel-Stadt on or about 17 November 2021 (daily register).

Upon completion of the Offering, the share capital of the Company registered in the Commercial Register of the Canton of Basel-Stadt is expected to amount to up to CHF 10,119,600 divided into up to 10,119,600 Shares.

Authorised share capital

As of the date of this Prospectus and based on articles 3a and 3c of the Articles of Association, the Company has a total authorised capital of CHF 2,917,000 through issuance of 2,917,000 fully paid-in Shares.

Article 3a of the Articles of Association reads as follows (unofficial translation of the original German text):

"*The board of directors is authorised to increase the company's share capital according to article 3 of the articles of association by a maximum amount of CHF 1,217,000 by issuing a maximum of 1,217,000 registered shares to be fully paid up with a nominal value of CHF 1.00 each until 23 April 2022.*

The board of directors is authorised to limit or exclude the pre-emptive right of the shareholders and to allocate it to third parties if the new shares will be used for (i) the acquisition of companies or divisions thereof, participations in companies, real estate and other investment purposes of the company or any of its subsidiaries, (ii) the financing or refinancing of the acquisition of companies or divisions thereof, participations in companies, real estate or other investment purposes of the company or any of its subsidiaries, (iii) the national and international placement of shares, (iv) the expansion of the shareholder group, as well as for (v) the participation of employees, members of the board of directors and the executive board of the company in the company. Shares for which pre-emptive rights have been conferred but not exercised, are to be used in the best interest of the company.

Capital increases are permitted by firm underwriting and/or in partial amounts. The board of directors is authorised to determine the issue price of the shares, the type of contribution and the time of the dividend entitlement. After the acquisition, the new registered shares are subject to the restrictions according to article 5 of the articles of association."

Article 3c of the Articles of Association reads as follows (unofficial translation of the original German text), see also *" – Creation of Offered Shares":*

"The board of directors is authorised to increase the share capital at any time until 29 September 2023 by a maximum of CHF 1,700,000 through issuance of no more than 1,700,000 registered shares with a nominal value of CHF 1.00 each. The increase is permitted by firm underwriting and/or in partial amounts. The issue price, the time of the dividend entitlement and the type of contribution are determined by the board of directors. The Board of Directors may allow pre-emptive rights that have not been exercised to lapse, or it may place shares on the market for which pre-emptive rights have been granted but not exercised. After the acquisition, the new registered shares are subject to the restrictions according to article 5 of the articles of association."

Conditional share capital

Article 3b of the Articles of Association reads as follows (unofficial translation of the original German text):

"The company's share capital will be increased by a maximum of CHF 350,000 by issuing a maximum of 350,000 registered shares to be fully paid up with a nominal value of CHF 1.00 each upon the exercise of option rights or in connection with similar rights granted to employees, members of the board of directors and the management of the company and its subsidiaries based on employee participation plans. The board of directors adopts the respective employee participation plans in cooperation with the compensation committee.

The pre-emptive right of the shareholders is excluded. The acquisition of registered shares under the employee participation plans and the subsequent transfer of the registered shares are subject to the restrictions according to article 5 of the articles of association."

Participation certificates and profit-sharing certificates

As of the date of this Prospectus, the Company has not issued any non-voting equity securities, such as participation certificates (*Partizipationsscheine*) or profit-sharing certificates (*Genussscheine*), and the Company does not have any preference shares (*Vorzugsaktien*).

Own Shares

As of 30 September 2021, the Company holds a total of 37,354 Shares (the "**Own Shares**") and no Shares are held indirectly by the Company. The Own Shares are intended to be used for HIAG's 2020 LTIP plan, see " *– Description of Shares – Employee participation*".

Cross-shareholdings

As of the date of this Prospectus, there are no cross-shareholdings of the Company that exceed 5% of the holdings of capital or voting rights on both sides.

Outstanding conversion and option rights

As of the date of this Prospectus, there are no outstanding convertible bonds or options.

Description of the Shares

The Shares

Each Share carries one vote at a shareholders' meeting of the Company. The Shares rank *pari passu* in all respects with each other, including, in respect of entitlements to dividends, to a share in liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights.

The Company issues its Shares (including the Offered Shares) as uncertificated securities (*Wertrechte*), within the meaning of article 973c CO, and registers them as book-entry securities (*Bucheffekten*), within the meaning of FISA. Shareholders of the Company have no right to request conversion of the Shares issued in one form into another form. Each shareholder may, however, at any time request a written confirmation from the Company of the Shares held by such shareholder, as reflected in the share register. Any such confirmation is not a negotiable instrument. The uncertificated securities (*Wertrechte*), their number and division and the shareholders are registered in a register of uncertificated securities (*Wertrechtebuch*). This register is not public.

Transfer of Shares, transfer restrictions and limitation of voting rights

For as long as the Shares are in uncertificated form (*Wertrechte*) and registered as book-entry securities (*Bucheffekten*) any transfer and collateralisation of the Shares has to be made in accordance with FISA. The transfer of book-entry securities or the granting of security rights on book-entry securities by way of assignment is excluded.

A shareholder acquires the right to vote in the shareholders' meeting upon entry in the share register as shareholder with voting rights. The transfer of Shares and the registration of the acquirers of Shares as shareholders with voting rights in the share register requires the approval by the Board of Directors. Such approval may be refused (i) if and to the extent such registration may prevent the Company from satisfying the requirements under Swiss federal law regarding the composition of the Company's shareholders (Lex Koller), or (ii) the Shares to be registered are held in the name and for the account of a third party (*im Namen und auf Rechnung Dritter*). Failing such registration, the transferee may not vote at or participate in any shareholders' meeting but will still be entitled to dividends and other rights with financial value.

The Company's share register is administered by Computershare Switzerland Ltd, Olten, Switzerland.

Record date

The Board of Directors convening a shareholders' meeting of the Company may fix as the record date for determining those shareholders that are entitled to vote at the meeting the date notice is given of the meeting, or such other date as may be specified in the notice, being a date not earlier than the date of the notice.

Shareholders' meetings

Under Swiss law, the ordinary shareholders' meeting must be held within six (6) months after the end of a company's preceding financial year. Shareholders' meetings may be convened by the board of directors or, if necessary, by the company's statutory auditors or liquidators. A company's board of directors is further required to convene an extraordinary shareholders' meeting if the board of directors or the auditors of this company deem it necessary. Furthermore, under Swiss law, extraordinary shareholders' meetings may be convened upon resolution of a shareholders' meeting or if this is requested by one or more shareholders who represent an aggregate of at least 10% of the share capital and who submit a written request specifying the agenda items and the proposals, in case of elections the name of the proposed candidates. Based on article 7 paragraph 3 of the Articles of Association, the shareholders of the Company have, in contrast to the higher threshold under Swiss law, the right to request for an extraordinary shareholders' meeting to be hold by one or more shareholders who represent an aggregate of at least 5% of the Company's share capital. According to the CO, shareholders who together represent shares with a nominal value of CHFm 1.0 may demand that an item to be placed on the agenda of the shareholders' meeting. Again, based on article 8 paragraph 4 of the Articles of Association, the Company has lowered this threshold to CHF 80,000 nominal value in Shares that must be represented by shareholders of the Company to demand such right to place an agenda item. This must be done in writing at least 45 days before a shareholders' meeting of the Company, stating the item to the agenda and the motion.

Shareholders' inspection rights

A shareholder may, upon application to a company, inspect the minutes of the shareholders' meetings. In accordance with Swiss law, a company must make its annual report and the statutory auditor's report available for inspection by shareholders at its registered address at least 20 days prior to each ordinary shareholders' meeting. Any shareholder may request a copy of these reports in advance of or after the ordinary shareholders' meeting.

Shareholders' right to bring derivative actions

Under the CO, an individual shareholder of a company may bring an action in the shareholders' own name, for the benefit of this company, against this company's members of the board of directors or the members of the executive board as well as the liquidators, which seek to allow this company to recover any damages it has incurred due to the intentional or negligent breach by such directors, officers or liquidators of their duties.

Allocation of annual net profit

Dividends may be paid only if a company has sufficient distributable profit from previous years or sufficient free reserves to allow the distribution of a dividend. Swiss law requires that a company retains at least 5% of its annual net profit as general reserves for so long as these reserves amount to less than 20% of its paid-in nominal share capital. See also "*DIVIDEND POLICY*".

The proposal of a board of directors to distribute dividends requires the approval of the shareholders at the ordinary shareholders' meeting. Furthermore, the company's statutory auditors must confirm that the dividend proposal of the board of directors conforms to law and the articles of association. Dividends that have not been collected by the shareholders within five (5) years after the due date prescribed under Swiss law are allocated to the company's free reserves.

For information about deduction of Swiss withholding tax, see "*TAXATION –Taxation in Respect of Offered Shares – Swiss withholding tax*".

Pre-emptive rights

Under Swiss law, any share issue, whether for cash or non-cash consideration, is subject to a resolution of the shareholders' meeting. Shareholders have certain pre-emptive rights (*Bezugs- bzw. Vorwegzeichnungsrechte*) to subscribe for newly issued of shares, warrants, convertible bonds, or similar debt instruments with option rights in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting of a company by a qualified majority of two-thirds of the votes represented and the absolute majority of the nominal value of the shares represented may repeal, limit or suspend pre-emptive rights in certain limited circumstances.

Borrowing powers

Neither Swiss law nor the Articles of Association restrict in any way the Company's power to borrow and raise funds. The decision to borrow funds is made by or under direction of the Board of Directors, no shareholders' resolution being required.

Conflicts of interest, management transactions

Swiss law does not provide for a general provision regarding conflicts of interest. However, the CO requires the board of directors and the executive board to safeguard a company's interests and imposes a duty of care and loyalty on the members of the board of directors and the executive board. This rule is generally understood as disqualifying members of the board of directors and the executive board from decisions that directly affect them. Members of the board of directors and the executive board are personally liable to a company, its shareholders and its creditors for damages caused by wilful or negligent violation of their duties. In addition, Swiss statutory law contains a provision under which payments made to a shareholder or a member of the board of directors or any person associated with such shareholder or member of the board of directors, other than at arm's length, must be repaid to the company if the recipient of such payment was acting in bad faith. Finally, if, in connection with the conclusion of a contract, a company is represented by the person with whom it is concluding the contract, such contract must be in writing. This provision does not apply to contracts relating to daily business matters if the obligation of the company thereunder does not exceed CHF 1,000.

Further, according to Swiss law, listed companies (such as the Company) are obliged to disclose the total amount of all remuneration and loans granted to the present or past members of the board of directors and the executive board. In addition, remuneration of and loans to persons closely related to the members of the board of directors or the executive board have to be disclosed. The remuneration and loans granted to every member of the board of directors has to be disclosed individually, including the name and function of the member. With respect to the executive board, only the highest compensation awarded, indicating the recipient and his function, has to be disclosed individually. Finally, the shares held by members of the board of directors, the executive board and such persons closely related to them must be disclosed. The respective disclosures need to be made in the notes to the accounts.

Repurchase of own shares

Swiss law limits the right of a company to purchase and hold its own shares. A company and its subsidiaries may purchase shares only if and to the extent that (i) the company has freely distributable reserves in the amount of the purchase price and (ii) the aggregate nominal value of all shares held by the company does not exceed 10% of the company's share capital (20% in specific circumstances).

Shares held by a company or its subsidiaries are not entitled to vote at shareholders' meetings, but are entitled to the economic benefits, including dividends, applicable to the shares generally. Under Swiss law, selective share repurchases are only permitted under certain circumstances; in particular, repurchases of listed shares are subject to certain restrictions promulgated by the Swiss Takeover Board (the regulatory body for takeover bids in Switzerland) under the Federal Act on Financial Markets Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015, as amended (the "**FinMIA**"; *Finanzmarktinfrastrukturgesetz*) and the implementing ordinances enacted thereunder. Within these limitations, as is customary for Swiss companies, a company may purchase and sell its own shares from time to time in order to meet imbalances of supply and demand, to provide liquidity, and to even out variances in the market price of the shares.

Duration and liquidation

The Articles of Association do not limit the Company's duration. Under Swiss law, a company may be dissolved at any time by a resolution of a shareholders' meeting which must be passed by a supermajority of two-thirds of the votes represented and the absolute majority of the nominal value of the shares represented at such shareholders' meeting. After all debts have been satisfied, the net proceeds will be distributed to shareholders in proportion to the paid-in nominal value of shares held.

Disclosure of principal shareholders

Under the applicable provisions of the FinMIA, persons who directly, indirectly or in concert with other parties acquire or dispose of shares or derivatives, including cash settled derivatives, and thereby, directly, indirectly or in concert with other parties reach, exceed or fall below a threshold of 3%, 5%, 10%, 15%, 20%, 25%, $33^1/_3$%, 50% or $66^2/_3$% of a listed company's voting rights (whether exercisable or not) must notify the company and SIX Swiss Exchange of such transactions in writing within four trading days, regardless of whether the voting rights can be exercised. Within two trading days of the receipt of such notification, the Company must inform the public. Shares and acquisition rights or obligations (the "**Purchase Positions**") and disposal rights or obligations (the "**Sale Positions**") may not be netted. Rather the Purchase Positions and the Sale Positions need to be accounted for separately and may each trigger disclosure obligations if the respective positions reach one of the thresholds. In addition, actual share ownership needs to be reported separately if it reaches one of the thresholds.

Furthermore, under Swiss law a company must disclose in the annual report the identity of shareholders and shareholder groups acting in concert who hold more than 5% of the company's voting rights. Such disclosure must be made once a year in the notes to the financial statements as published in the company's annual report.

The table below sets out (i) the shareholders of the Company holding more than 3% of the Share Capital of the Company as recorded in the Commercial Register of the Canton of Basel-Stadt, Switzerland, according to the registered shareholders in the Company's share register as of 30 September 2021 *before completion of Offer* and (ii) the expected shareholders of the Company holding more than 3% of the expected share capital of the Company *after completion of Offer*. For the required notifications and publications regarding shareholdings of the Sole Lead Manager resulting from the Placement Agreement (as defined below), see "*THE OFFERING – Capital Increase and Placement Agreement*".

Shareholders	**Before completion of Offer**		**Number of Offered Shares subscribed for**	**After completion of Offer**[(1)]	
	Number of Shares	**% of voting rights**		**Number of Shares**	**% of voting rights**
Majority Shareholders in total[(2)] of which:	5,318,808	63.1%	189,474	5,508,282	54.4%
– SFAG Holding AG, Basel, Switzerland[(3)]	*4,243,297*	*50.3%*	*189,474*[(4)]	*4,432,771*	*43.8%*
– HIAG Beteiligung Holding AG, Basel, Switzerland[(5)]	*410,000*	*4.9%*	*0*[(4)]	*410,000*	*4.1%*
– Grisgros AG, Basel, Switzerland[(6)]	*382,615*	*4.5%*	*0*[(4)]	*382,615*	*3.8%*
– Senft AG, Zurich, Switzerland[(7)]	*282,896*	*3.4%*	*0*[(4)]	*282,896*	*2.8%*
UBS Fund Management (Switzerland) AG, Basel, Switzerland	448,350	5.3%	179,340%[(8)]	627,690	6.2%
Total[(9)]	**5,767,158**	**68.4%**	**368,814**	**6,135,972**	**60.6%**

(1) *Assuming the issuance of 1,686,600 Offered Shares.*

(2) *As of 14 April 2014, SFAG Holding AG, Basel, Switzerland ("**SFAG**", controlled by Salome Grisard Varnholt, Zurich, Switzerland, Andrea Grisard, Basel, Switzerland, and Dr. Felix Grisard, Basel, Switzerland), HIAG Beteiligung AG, Basel, Switzerland ("**HIAGBET**", controlled by Dr. Felix Grisard, Basel, Switzerland), Grisgros AG, Basel, Switzerland ("**Grisgros**", controlled by Andrea Grisard, Basel, Switzerland), and Senft AG, Zurich, Switzerland ("**Senft**", controlled by Salome Grisard Varnholt, Zurich, Switzerland), have entered into a shareholders agreement, as amended (the "**Shareholders Agreement**"), and, therefore, form a group in the sense of article 121 FinMIA. The Majority Shareholders intend to rearrange their shareholdings in the Company in such way that all of the Shares held by SFAG will be transferred proportionally in accordance with the interest held in SFAG by its controlling shareholders Salome Grisard Varnholt, Andrea Grisard and Dr. Felix Grisard to their holding companies (Senft, Grisgros and HIAGBET). This shall not have an effect on the beneficial ownership of the Shares held by the Majority Shareholders. The Shareholders Agreement shall be amended accordingly.*

(3) *Controlled by Salome Grisard Varnholt, Zurich, Switzerland, Andrea Grisard, Basel, Switzerland, and Dr. Felix Grisard, Basel, Switzerland.*

(4) *Based on the expectation that the Majority Shareholders, together holding about 63.1% of the Existing Shares as of 30 September 2021, will exercise through SFAG Holding AG, Basel, Switzerland, in total about 17.8% of their Rights thereby acquiring about 189,474 Offered Shares, assuming an Offer Price of CHF 95.00 (mid-point of the Offer Price Range), see "THE OFFERING – Intention of Majority Shareholders and Company".*

(5) *Controlled by Dr. Felix Grisard, Basel, Switzerland.*

(6) *Controlled by Andrea Grisard, Basel, Switzerland.*

(7) *Controlled by Salome Grisard Varnholt, Zurich, Switzerland.*

(8) *Assuming the exercise of 100% of the Rights, to the extent possible.*

(9) *Sums may deviate due to rounded numbers.*

Mandatory tender offer

Pursuant to the applicable provisions of FinMIA, a person who acquires equity securities of a Swiss listed company (such as the Company), whether directly, indirectly or acting in concert with third parties, which, when added to the securities already held by such person, exceed the threshold of $33^{1}/_{3}$% of the company's voting rights (whether exercisable or not), must make an offer to acquire all of the listed shares of such company. A company's articles of association may either eliminate this provision of the FinMIA or raise the relevant threshold to 49% (so-called opting-up). As of the date of this Prospectus, the Articles of Association do not contain such provision.

Cancellation of remaining equity securities and squeeze-out merger

Under FinMIA, any offeror who has made a tender offer for the shares of a listed Swiss target company (such as the Company), and who, as a result of such offer, holds more than 98% of the voting rights of the target company, may petition the court to cancel the remaining equity securities. The petition must be filed against the target company within three months after the expiration of the offer period. The remaining shareholders may join in the proceedings. If the court orders cancellation of the remaining equity securities, the target company will reissue the equity securities and deliver such securities to the offeror against performance of this offer for the benefit of the holders of the cancelled equity securities.

Under the Swiss Federal Merger Act, shareholders of the transferring company may be offered a settlement instead of shares in the surviving company if at least 90% of the shareholders of the transferring company who are entitled to vote give their consent.

Ownership of Shares by non-Swiss persons

Except for the limitation described under "*– Transfer of Shares, transfer restrictions and limitation of voting rights*", applicable to holders of Shares generally, persons who are neither nationals of, nor resident in, Switzerland may freely hold, vote and transfer their Shares in the same manner as Swiss residents or nationals under Swiss law and the Articles of Association. However, in order to ensure compliance with the Lex Koller, the Articles of Association empower the Board of Directors to decline the registration of (non-Swiss) persons as shareholders of the Company, if and to the extent their registration by the Company may prevent it from satisfying the requirements under Swiss law (see "*RISK FACTORS – Risks relating to the legal and regulatory environment – The Group may be affected by restriction on laws and regulations, in particular the Swiss legislation restricting Property investments by non-Swiss residents (Lex Koller)*").

Compensation Ordinance

The Ordinance against Excessive Compensation in Public Companies of 20 November 2013, as amended (the "**Compensation Ordinance**"; VegüV) came into effect on 1 January 2014 and implements a constitutional amendment based on a popular initiative regarding executive compensation that was approved by the Swiss electorate in 2013. The Compensation Ordinance applies to the Company as it is a listed company. The provisions of the Compensation Ordinance, subject to minor changes and supplements, will be transferred to the CO and other Swiss federal acts (unless stated otherwise below, expected to come into force on 1 January 2023). Set out below is a summary of some of the Compensation Ordinance's key provisions as implemented in the Compensation Ordinance or the CO as of the date of this Prospectus.

Severance pay, advance payments and transaction bonuses

The Compensation Ordinance proscribes certain types of compensation arrangements with members of a Swiss public company's board of directors, executive committee and advisory board, including severance payments, forms of advance compensation, transaction bonuses and certain other types of compensation and benefits not expressly provided for by a company's articles of association.

The Compensation Ordinance broadly prohibits severance payments in any form. In addition, excessive termination notice periods in employment contracts (i.e., longer than one year) and long-term employment contracts for a fixed duration for more than one year are viewed as types of prohibited severance payments. However, post-employment non-compete covenants and consultancy agreements are not subject to the Compensation Ordinance's severance pay prohibition, unless as a result of their terms they are deemed disguised severance payments.

The Compensation Ordinance also restricts certain forms of advance compensation. The decisive element in distinguishing prohibited advance payments from certain types of other advance payments, such as sign-on bonuses, is the point in time at which such payment is made. Consequently, sign-on bonuses compensating benefits and other entitlements that executives forfeit from their previous employers continue to be permissible whereas genuine prepayments of salary (i.e., if the contractual salary is paid in advance) are not permitted.

The Compensation Ordinance also prohibits transaction bonuses.

Shareholder approval of compensation for board of directors, management and advisory board

The Compensation Ordinance requires Swiss public companies to vote on the compensation of the board of directors, executive board and advisory board. Swiss public companies are required to specify in their articles of association the mechanism for say-on-pay votes, subject to certain minimum requirements. These minimum requirements provide that the say-on-pay vote must be (i) held annually, (ii) binding and (iii) separate for the members of the board of directors, the executive board and advisory board (if any).

Compensation report

The Compensation Ordinance requires a company's board of directors to prepare an annual written compensation report disclosing all compensation directly or indirectly awarded by the company. In substance, the compensation report must include the information that the CO already requires to be disclosed in the notes to a company's annual statutory balance sheet. The disclosure relates to any compensation, loans and credits paid during the most recently ended financial year to members of the board of directors, the executive board and the advisory board and, to the extent not in line with market standards, to former members of the board of directors, the executive board and the advisory board and related parties of such current and former members of the board of directors, the executive board and the advisory board. The compensation report must also include the compensation and the loans and credits paid to members of the board of directors and the advisory board disclosed on an aggregate and individual basis, whereas compensation and loans and credits paid to members of the executive board must only be disclosed on an aggregate basis, together with the name of the executive board member who received the highest compensation and the amount thereof.

Election of the members of the board of directors, the chairman, the members of the nomination and compensation committee and the independent proxy

The Compensation Ordinance requires that the members of the board of directors, its chairperson, the members of the compensation committee (who may only be selected among the members of the board of directors) and one or several independent proxies be elected by a company's shareholders at the shareholders' meeting on an individual basis for a term ending at the next ordinary shareholders' meeting. Re-election in all instances is permitted.

New provision on gender quota guidelines

This new provision came into force on 1 January 2021 and is implemented into the CO. It stipulates that in a listed company (such as the Company) that meets certain thresholds, each gender must be represented at least by 30% on the board of directors and by 20% in the executive board of such company. These quotas are regarded as guidelines and not as an enforceable legal requirement. In the event of non-compliance, a company concerned must explain in the compensation report the reasons for non-compliance and indicate the measures intended to promote the under-represented gender. A company not complying with these guidelines must publicly justify themselves (*comply-or-explain*), but is not otherwise exposed to legal consequences.

The reporting obligation for the guideline in case of non-compliance shall only apply from the financial year beginning (i) five (5) years after the 1 January 2021 for the board of directors and (ii) ten (10) years after the 1 January 2021 for the executive board.

Independent proxy

The Compensation Ordinance prohibits the representation of shareholders by corporate proxies (i.e., officers or other company representatives) as well as by proxies of deposited shares. The provisions of the Compensation Ordinance further provide that the board of directors must make sure that the shareholders are able to electronically grant proxies and instruct the independent proxy on both (i) agenda items included in the invitation to the shareholders' meeting and (ii) new motions which were not disclosed in the invitation to the shareholders' meeting. The independent proxy is required to exercise the voting rights granted by shareholders only in accordance with shareholder instructions. Further, absent express voting instructions, the independent proxy is required to abstain from voting.

Criminal provisions

The criminal provisions of the Compensation Ordinance punish intentional non-compliance by members of the board of directors, executive board and advisory board who acted against his or her "better knowledge" (*wider besseres Wissen*) and pays out or receives impermissible forms of compensation. The Compensation Ordinance also stipulates criminal liability for certain prohibited actions by a Swiss public company's board of directors. Intentional violations of the Compensation Ordinance can result in imprisonment of up to three (3) years and a fine of up to six (6) times the individual offender's annual salary.

Employee participation

All members of the Executive Board and certain members of the Staff Management participate in the 2020 LTIP, see "*INFORMATION ON THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND AUDITORS – Agreements related to the compensation of the Board of Directors and the Executive Board – Executive Board*".

HIAG intends to use the Own Shares (see " – *Capital structure – Own Shares*") or make use of the Company's conditional share capital according to article 3a of the Articles of Association (see " – *Capital structure – Conditional share capital*") to fulfil its commitments under the 2020 LTIP.

15. THE OFFERING

Offering

The Offering consists of (i) the Rights Offering, in which the Issuer's eligible holders of Existing Shares will be entitled under Swiss Law and the Articles of Association to a pre-emptive right for each Existing Share they hold to subscribe, subject to certain limitations based on residency (see "*SELLING AND TRANSFER RESTRICTIONS*"), at the Subscription Ratio for Offered Shares and (ii) the Share Placement, in which Offered Shares in respect of which Rights have not been validly exercised during the Rights Exercise Period will be offered, subject to certain selling restrictions, to investors in selected countries (see "*SELLING AND TRANSFER RESTRICTIONS*").

The Rights are transferrable but neither the Company nor the Sole Lead Manager will facilitate any trading in the Rights. Offered Shares not taken up by existing shareholders pursuant to Rights will be available for sale in the Share Placement.

No action has been or will be taken by the Company or the Sole Lead Manager, other than in Switzerland, which would permit a public offering of any of the Offered Shares or Rights or the distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required. Accordingly, Offered Shares and Rights may not be offered, sold or distributed, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. For specific selling and transfer restrictions regarding the USA, US persons, the EEA and the UK see "*SELLING AND TRANSFER RESTRICTIONS*".

Cut-off Date, Subscription Ratio, Rights Exercise Period and Share Placement Period

Subject to the terms and conditions of this Prospectus, the Company's existing shareholders will be allocated one (1) Right per Existing Share.

The Cut-off Date for the allocation of Rights is 3 November 2021, after the close of trading on SIX Swiss Exchange.

Subject to the terms set out in this Prospectus, the holders of five (5) Rights are entitled to purchase two (2) Offered Share at the Offer Price.

The Rights Exercise Period is expected to start on 4 November 2021 and end at 12 November 2021, 12:00 noon (CET).

Holders of Rights wishing to exercise Rights and subscribe for Offered Shares must do so according to the instructions of their depository bank, custodian or other financial intermediaries.

The Share Placement Period is expected to start on 4 November 2021 and end at 15 November 2021, 12:00 noon (CET).

HOLDERS OF THE RIGHTS MUST EXERCISE THEIR RIGHTS BEFORE THE END OF THE RIGHTS EXERCISE PERIOD. RIGHTS NOT DULY EXERCISED PRIOR TO THE END OF THE RIGHTS EXERCISE PERIOD WILL EXPIRE AND BECOME NULL AND VOID WITHOUT COMPENSATION. THE EXERCISE OF RIGHTS IS IRREVOCABLE AND MAY NOT BE CANCELLED, MODIFIED, RESCINDED OR WITHDRAWN (ARTICLE 56 PARAGRAPH 5 FINSA REMAINS RESERVED).

THE COMPANY, TOGETHER WITH THE SOLE LEAD MANAGER, RESERVES THE RIGHT TO EXTEND OR SHORTEN THE RIGHTS EXERCISE PERIOD OR TERMINATE THE OFFERING (INCLUDING THE EXERCISE OF THE RIGHTS), WITHOUT ANY PRIOR NOTICE, AT ANY TIME AND FOR ANY REASON.

In certain jurisdictions, holders of Existing Shares may not be able to exercise their Rights. See "*SELLING AND TRANSFER RESTRICTIONS*".

Intention of Majority Shareholders and Company

The Majority Shareholders, together holding about 63.1% of the Existing Shares as of 30 September 2021, are expected to exercise through SFAG Holding AG, Basel, Switzerland, in total about 17.8% of their Rights thereby acquiring about 189,474 Offered Shares, assuming an Offer Price of CHF 95.00 (mid-point of the Offer Price Range). The Company will not exercise the Rights regarding its Own Shares.

Offer size, Offer Price Range and Offer Price

The Offering comprises up to 1,686,600 Offered Shares that are offered within the Offer Price Range of CHF 94.00 to CHF 96.00 per Offered Share.

The Offer Price and the definitive number of Offered Shares are expected to be determined on or about 15 November 2021 based on the results of the Bookbuilding expected to be proceeded from 4 November 2021 to 15 November 2021, 12:00 noon (CET) and in agreement between the Issuer and the Sole Lead Manager and will be published in the Supplementary and in a media release by the Issuer on or about 16 November 2021.The Offer Price will be the same for the Rights Offering and the Share Placement.

Allocation of Shares

The Sole Lead Manager has agreed to observe the directives governing the allocation of equity-related securities offered by way of a public offering in Switzerland issued by the Swiss Bankers Association on 29 March 2004, which entered into force on 1 January 2005, as amended.

Reserved rights of the Company

The Company reserves the right to treat as invalid any acceptance or purported exercise of Rights or acceptance of the Offer for Offered Shares which appears to the Company or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements.

Listing and trading

The Existing Shares are listed in accordance with the Standard for Real Estate Companies on SIX Swiss Exchange. The Company has applied for and approval has been given by the reviewing body of SIX Exchange Regulation AG, subject to certain conditions, for the Offered Shares to be listed in accordance with the Standard for Real Estate Companies on SIX Swiss Exchange. It is expected that the Offered Shares will be listed, and trading in them commences, on or about 18 November 2021.

Payment and settlement

The Company has applied for the Shares to be accepted for clearance through SIS. It is expected that delivery of the Offered Shares against payment of the Offer Price will be made through the facilities of SIS on or around 18 November 2021. If the right to terminate the Placement Agreement is exercised, the Offering will lapse and the allocation of the Rights and any previously purported exercise of Rights or purchase of the Offered Shares will be deemed not to have been made.

Use of proceeds

The Net Proceeds we will receive from the Offering will be up to of approximately CHFm 155.9, assuming the Offered Shares are subscribed for in full (i.e. the maximum number of 1,686,600 Offered Shares are issued at the Offer Price of CHF 95.00 (mid-point of the Offer Price Range) per Offered Share) and after deduction of the Swiss issue stamp tax (*Emissionsabgabe*) of 1%, estimated commissions and other expenses associated with the Offering.

The Company intends to use the Net Proceeds to partially finance development projects, see "*BUSINESS ACTIVITIES – HIAG's Investment Properties Portfolio – Development Portfolio*".

The Net Proceeds may also be used by the Company to reduce financial liabilities, to realise favourable purchase opportunities for Properties, for working capital or for other general corporate purposes.

Swiss issuance stamp tax

The Swiss issuance stamp tax (*Emissionsabgabe*) on the issuance of the Offered Shares of 1% of the Offer Price net of certain deductions will be borne by the Company.

Basis for the issuance of the Offered Shares

The Offering consists of up to 1,686,600 Offered Shares. All Offered Shares will be newly issued by the Company in the Authorised Capital Increase against cash contributions, based on the resolution of the extraordinary shareholders' meeting of the Company held on 29 September 2021 (see "*CAPITAL AND VOTING RIGHTS – Creation of Offered Shares*"). The Offered Shares will be fully fungible and will rank pari passu with each other and with all Existing Shares.

Company's share capital after the Offering

Upon completion of the Offering, the share capital registered in the Commercial Register of the Canton of Basel-Stadt is expected to amount to up to CHF 10,119,600, divided into up to 10,119,600 Shares. The Offered Shares will represent up to about 16.7% of the issued and outstanding Share Capital of the Company upon completion of the Offering.

Form of Shares

The Shares are uncertificated securities (*Wertrechte*), within the meaning of article 973c CO. The Offered Shares will be registered in the main register (*Hauptregister*) maintained by SIS and credited to the securities account of each purchaser, and thus will become book entry securities (*Bucheffekten*), within the meaning of FISA. The Offered Shares will be in book-entry form. No share certificates will be available for individual physical delivery, see "*CAPITAL AND VOTING RIGHTS – Description of the Shares – The Shares*". Shareholders may request from the Company a confirmation relating to their shareholdings in the Company.

Voting and other rights

Each Share carries one vote at a shareholders' meeting of the Company. The Shares rank *pari passu* in all respects with each other, including, in respect of entitlements to dividends, to a share in liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights. Regarding transfers of Shares and restrictions, see "*CAPITAL AND VOTING RIGHTS – Description of the Shares – Transfer of Shares, restrictions*".

Dividend right

Holders of the Offered Shares will be entitled to dividends and other distributions of the Company, if any, for the financial year 2021 ending as of 31 December 2021 and for all subsequent financial years of the Company. For further information on the Company's dividend policy, see "*DIVIDEND POLICY*". Dividends paid on the Shares out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*) and distributions made or paid on Shares based upon a reduction of nominal value of Shares (*Nennwertherabsetzung*) are exempt from Swiss withholding tax. Other dividends paid on the Shares are subject to 35% Swiss withholding tax (see "*TAXATION –Taxation in respect of Offered Shares – Swiss withholding tax*").

Paying agent

Credit Suisse (Schweiz) AG, Zurich

Risks

INVESTING IN THE OFFERED SHARES OR THE RIGHTS INVOLVES CONSIDERABLE RISK. INVESTORS MAY SUFFER A COMPLETE OR PARTIAL LOSS OF THEIR INVESTMENT. FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN DECIDING WHETHER TO INVEST IN THE OFFERED SHARES OR THE RIGHTS, SEE "*RISK FACTORS*".

Listing agent

Zürcher Kantonalbank, as recognised representative according to article 58a of the Listing Rules, has filed on behalf of the Company the application for the listing of the Offered Shares in accordance with the Swiss Reporting Standard of SIX Swiss Exchange.

Selling and transfer restrictions

For a description of certain restrictions regarding the exercise of the Rights for, and the offering and sale of, Offered Shares, see "*SELLING AND TRANSFER RESTRICTIONS*".

Applicable law and jurisdiction

Swiss law/Basel.

Ticker symbol, ISIN, Swiss securities number and trading currency

The ticker symbol, ISIN, Swiss security number for the Shares, including the Offered Shares, and the trading currency are as follows:

Ticker symbol: HIAG
ISIN: CH0239518779
Swiss security no.: 23951877
Trading currency: CHF

ISIN and Swiss security number for the Rights are as follows:

ISIN: CH1134530455
Swiss security no.: 113453045

Amendments or changes

All notices containing amendments or changes to the terms in relation to the Offering or this Prospectus will be announced through the electronic media and on our website https://hiag.com. Notices required under the Listing Rules will be published in electronic form on the website of SIX Swiss Exchange under the section headed Official Notices (https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/). Changes so notified will be deemed to constitute an amendment or supplement of this Prospectus.

Capital Increase and Placement Agreement

Under the terms and subject to the satisfaction of the conditions contained in a capital increase and placement agreement entered into between the Company on the one hand and the Sole Lead Manager on the other hand on 1 November 2021 (the "**Placement Agreement**"), the Sole Lead Manager has agreed to subscribe for 100% of the definitive number of Offered Shares (registered shares with a nominal value of CHF 1.00 each), pay up their nominal value on or about 16 November 2021 and to deliver the definitive number of Offered Shares on the Settlement Date (i) to holders of Rights against payment of the Offer Price to the extent such holders have validly exercised their Rights during the Rights Exercise Period and (ii) to investors against payment of the Offer Price to the extent such investors have validly subscribed for Offered Shares during the Share Placement Period at the Offer Price. Consequently, Zürcher Kantonalbank, Zurich, will hold such Offered Shares (i.e. up to 1,686,600 Shares corresponding to up to about 20% of the share capital and voting rights of the Company before completion of the Offering and up to about 16.7% of the share capital and voting rights of the Company after the creation of the Offered Shares (assuming that all the Offered Shares are sold) from the time of the capital increase (expected to be effective on or about 17 November 2021) until the Settlement Date (which is expected to take place on or about 18 November 2021).

The Placement Agreement provides that the obligations of the Sole Lead Manager are subject to certain conditions precedent, including the absence of any material adverse change in HIAG's business. The Sole Lead Manager also has the right to terminate the Offering in certain circumstances prior to the Settlement Date. If the right to terminate the Placement Agreement is exercised, the Offering will lapse and the allocation of the Rights and any previously purported exercise of Rights or purchase of the Offered Shares will be deemed not to have been made. In such case, the holder of the Rights will not receive any compensation in respect of any Rights, whether exercised or not.

In addition, according to the Placement Agreement, the Company has made certain representations and warranties and has agreed to indemnify the Sole Lead Manager against certain liabilities in connection with the Offering, including liabilities under applicable securities laws.

Other relationships

The Sole Lead Manager or its affiliates have provided and may continue to provide banking services to the Group in the ordinary course of their businesses, including granting a business loan, for which it has been or will be paid customary fees and interest. In addition, the Sole Lead Manager may have held and in the future may hold the Company's securities for investment purposes in the ordinary course of its business. In connection with the Offering, the Sole Lead Manager and any affiliate acting as an investor for its own account may take up Offered Shares and, in that capacity, may retain, purchase or sell for its own account such securities and any of the Company's securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to the Rights or Offered Shares being offered or placed should be read as including any offering or placement of securities to the Sole Lead Manager and any affiliate acting in such capacity. The Sole Lead Manager does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Lock-up undertakings

During the period commencing on the date of this Prospectus and ending 12 months after the First Trading Day, the Company has agreed, without prior written consent of the Sole Lead Manager, not to, directly or indirectly, (a) issue, offer, sell, contract to sell, sell any option, purchase any option or contract to sell, grant any option, right or warrant to purchase, pledge, grant instruction rights (*Weisungsrechte*) pursuant to article 25 FISA) or otherwise transfer or dispose of directly or indirectly, or file a registration statement under any securities regulation relating to, any other shares or any securities convertible into or exchangeable or exercisable for Shares or warrants or other rights to purchase any Shares, (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, or (c) announce its intention to do any of the foregoing, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Shares or other securities, in cash or otherwise. This lock-up undertaking applies to (i) all Shares held by the Company prior to the Offering and (ii) all Shares allotted to the Company in the Offering. This lock-up undertaking shall not apply to actions by the Company in order to fulfil its commitments under the 2020 LTIP.

During the period commencing on the date of this Prospectus and ending 12 months after the First Trading Day, the Majority Shareholders and the members of the Board of Directors and the Executive Board, each individually, have agreed, without the prior written consent of the Sole Lead Manager, not to, directly or indirectly, (a) offer, sell, contract to sell, sell any option, purchase any option or contract to sell, grant any option, right or warrant to purchase, pledge, grant instruction rights (*Weisungsrechte* pursuant to article 25 FISA) or otherwise transfer or dispose of directly or indirectly, or file a registration statement under any securities regulation relating to, any other shares or any securities convertible into or exchangeable or exercisable for Shares or warrants or other rights to purchase any Shares, (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, or (c) announce its intention to do any of the foregoing, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Shares or other securities, in cash or otherwise. This lock-up undertaking applies to (i) all Shares directly or indirectly held by the Majority Shareholders and the members of the Executive Board, each individually, prior to the Offering and (ii) all Shares allotted to the Majority Shareholders and the members of the Executive Board, each individually, directly or indirectly, in the Offering. The Sole Lead Manager has given written consent to the intended rearrangement of the Majority Shareholders shareholdings in the Company in such way that the Shares held by SFAG will be transferred proportionally in accordance with the interest held in SFAG by its controlling shareholders Salome Grisard Varnholt, Andrea Grisard and Dr. Felix Grisard to their holding companies (Senft, Grisgros and HIAGBET).

According to the practice of the disclosure office of SIX Swiss Exchange, the Company, the Majority Shareholders and the members of the Board of Directors and the Executive Board form a group (lock-up group with lock-up commitments towards the Sole Lead Manager) in the meaning of article 120 paragraph 1 FinMIA (the "**Lock-up Group**"). This Lock-up Group consists of HIAG Immobilien Holding AG, Basel, Switzerland, SFAG Holding AG, Basel, Switzerland (controlled by Salome Grisard Varnholt, Zurich, Switzerland, Andrea Grisard, Basel, Switzerland, and Dr. Felix Grisard, Basel, Switzerland), HIAG Beteiligung AG, Basel, Switzerland (controlled by Dr. Felix Grisard, Basel, Switzerland), Grisgros AG, Basel, Switzerland (controlled by Andrea Grisard, Basel, Switzerland), Senft AG, Zurich, Switzerland (controlled by Salome Grisard Varnholt, Zurich, Switzerland), Dr. Felix Grisard, Basel, Switzerland, Andrea Grisard, Basel, Switzerland, Salome Grisard Varnholt, Zurich, Switzerland, Balthasar Halter, Wettswil am Albis, Switzerland, Dr. Christian Wiesendanger, Zurich, Switzerland, Marco Feusi, Oberwil-Lieli, Switzerland, Dr. Jvo Grundler, Wil, Switzerland, and Rico Müller, Uitikon Waldegg, Switzerland. Representative of the Lock-up Group is Jvo, Grundler, Wil, Switzerland. Upon completion of the Offering and under the assumption that the Authorised Capital Increase is exercised in the amount of CHF 1,686,600 through issuance of 1,686,600 new Shares at the Offer Price of CHF 95.00 (mid-point of the Offer Price Range) and that the members of the Lock-up Group other than the Majority Shareholders fully exercise their Rights, the Lock-up Group in total holds 5,642,593 Shares representing about 55.8% of the share capital and the voting rights of the Company. For information on the shareholdings of the Majority Shareholders, see "*CAPITAL AND VOTING RIGHTS – Description of the Shares – Disclosure of principal shareholders*", and on the Own Shares of the Company, see "*CAPITAL AND VOTING RIGHTS – Capital structure – Own Shares*".

16. SELLING AND TRANSFER RESTRICTIONS

General

No action has been or will be taken by the Company or the Sole Lead Manager, other than in Switzerland, which would permit a public offering of any of the Offered Shares or Rights or the distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required. Accordingly, Offered Shares and Rights may not be offered, sold or distributed, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The Company or the Sole Lead Manager will comply with all applicable laws and regulations in each jurisdiction in which the Company or the Sole Lead Manager offer, sell, distribute or deliver Offered Shares or Rights or have in their possession or distribute this Prospectus or any other offering material, and will obtain or make, give or fulfil any consent, approval, registration, notice, permission or other regulatory requirement required for the offer, sale, distribution or delivery of the Offered Shares or Rights and the possession or distribution of this Prospectus or any advertisement or other offering material under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any such purchase, offer, sale, distribution or delivery, in all cases at its own expense.

By accepting delivery of this Prospectus, each holder of Rights or representative of such holder acknowledges that such holder or representative, including Depository Banks, may not exercise Rights on behalf of any person that is located in a jurisdiction in which it would not be permissible to make an offer of the Offered Shares and any such representative, including a Depositary Bank, will be required, in connection with any exercise of Rights, to certify that such exercise is not on behalf of such a person and is otherwise in accordance with the restrictions to the offer and sale of Offered Shares set forth in this Prospectus.

United States of America, US Persons

THIS PROSPECTUS IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING IN THE UNITED STATES OF THE RIGHTS AND OFFERED SHARES. THE RIGHTS AND OFFERED SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS. ACCORDINGLY, UNLESS AN APPROPRIATE EXEMPTION FROM RELEVANT SECURITIES LAW REQUIREMENTS IS AVAILABLE, THE RIGHTS AND OFFERED SHARES MAY NOT BE OFFERED, SOLD, DELIVERED OR EXERCISED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES. THE RIGHTS AND OFFERED SHARES MAY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO INVESTORS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS.

THE RIGHTS AND THE OFFERED SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE IN THE UNITED STATES.

European Economic Area

An offer to the public of any Rights or Offered Shares may not be made in any Member State except:

i. to any legal entity which is a "qualified investor" as defined in article 2(e) of the Prospectus Regulation; or

ii. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or

iii. in any other circumstances falling within article 1(4) of the Prospectus Regulation;

provided, in each case, that no such offer of Rights or Offered Shares shall result in a requirement for the publication by the Company or the Sole Lead Manager of a prospectus pursuant to article 3 of the Prospectus Regulation or of a prospectus supplement pursuant to article 23 of the Prospectus Regulation and each person who initially acquires Rights or Offered Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Manager and the Company that it is a "qualified investors" as defined in article 2(e) of the Prospectus Regulation.

For the purposes of the foregoing, the expression "**offer of Rights or Offered Shares to the public**" in relation to any Rights or Offered Shares in any Member State shall be interpreted as set out in article 2(d) and article 2(b) of the Prospectus Regulation. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended or superseded.

In the case of any Rights or Offered Shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Rights and Offered Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Rights or Offered Shares to the public other than their offer or resale in a Member State to qualified investors as so defined or in circumstances in which the prior consent of the Manager has been obtained to each such proposed offer or resale.

The Company and the Sole Lead Manager and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Sole Lead Manager of such fact in writing may, with the consent of the Sole Lead Manager, be permitted to subscribe for or purchase Rights or Offered Shares in the Offering.

United Kingdom

This Prospectus is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom; or (ii) investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (iii) persons who are high net worth entities falling within article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The Rights and the Offered Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Rights or Offered Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

17. TAXATION

The following is a general summary of certain tax consequences of receiving, holding or exercising Rights or acquiring, owning and disposing of Offered Shares based on the Swiss tax laws and regulations in force on the date of this Prospectus. Tax consequences are subject to changes in applicable law, including changes that could have a retroactive effect. This is not a complete summary of the potential Swiss tax effects relevant to Rights or Offered Shares nor does the summary take into account or discuss the tax laws of any jurisdiction other than Switzerland. It also does not take into account prospective investors' individual circumstances. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to any particular prospective investor. Prospective investors are urged to consult their own tax advisors as to the tax consequences of the receiving, holding or exercising Rights or acquiring, owning and disposing of Offered Shares.

While this summary is considered to be a correct interpretation of existing laws in force on the date of this Prospectus, no assurance can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation.

Taxation in respect of Rights

Swiss withholding tax

Neither the allotment nor exercising of Rights are taxable distributions or transactions for purposes of Swiss withholding tax (*Verrechnungssteuer*).

Swiss securities turnover tax

Neither the allotment, selling, purchasing, nor exercise of Rights are taxable transactions for purposes of Swiss securities turnover tax (*Umsatzabgabe*).

Swiss income taxes

Rights held by holders resident outside of Switzerland and with no trade or business in Switzerland

The allotment or exercise of Rights to or by holders who are not resident in Switzerland for tax purposes, and who, during the relevant taxation year, have not engaged in a trade or business carried on through a permanent establishment situated in Switzerland for tax purposes are not subject to any Swiss federal, cantonal or communal income tax, including in respect of any capital gain realised on the sale of Rights. See " – *International Automatic Exchange of Information in Tax Matters*" below for a summary on the exchange of information in respect of holding Rights in an account or deposit with a financial institution or paying agent in Switzerland.

Rights held by Swiss resident individuals as private investments

Rights allotted with respect to Existing Shares held by a Swiss resident individual as private investments take on the same classification as private investments as the Existing Shares. For such a holder neither the allotment, purchasing, holding, exercising nor selling of the Rights allotted are subject to federal, cantonal or communal income taxes. In general, any capital gain realised in respect of such Rights will be tax-free, and, *vice versa*, any capital loss will not be tax deductible. Likewise, a capital loss incurred by such holder for reason of not having validly exercised Rights during the Rights Exercise Period (with the consequence of the Rights expiring without compensation) will not be tax deductible. See " – *Rights held as assets of a Swiss business*" below for a summary on the taxation treatment of individuals who are classified as "professional securities dealers".

Rights held as assets of a Swiss business

The allotment of Rights to corporate or individual holders, who hold Existing Shares with respect to which such Rights are allotted, and consequentially the Rights, as part of a trade or business carried on in Switzerland, and the exercise of such Rights for the purchase of Offered Shares, are generally treated by such holders as a non-recognition transaction for accounting purposes. Consequently, neither the allotment nor the exercise of such Rights are normally taxable transactions for such holders for purposes of personal or corporate income tax.

Any capital gain or loss realised upon sale of Rights or in respect of Rights purchased in the market or a capital loss realised in respect of Rights allotted for Existing Shares which are held as business assets, and which Rights therefore take on the classification of the Existing Shares as business assets, for reason of not having validly exercised such Rights (with the consequence of them expiring without compensation), are generally includible in, or deductible from, gross income in the relevant taxation period for such a holder for purposes of federal, cantonal and communal personal income taxes (as well as, in general, social security contributions) or corporate income taxes.

This taxation treatment also applies to Swiss resident private individuals who, for income tax purposes, are classified as "professional securities dealers".

Taxation in respect of Offered Shares

Swiss withholding tax

Non-taxable and taxable distributions

Repayments of nominal value of Shares (*Nennwertrückzahlungen*) are exempt from Swiss withholding tax (*Verrechnungssteuer*). Distributions made or paid on Shares out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*) are exempt from Swiss withholding tax, provided the respective restrictions are respected (e.g., the rule that a redemption of capital contribution reserves generally can only be made in conjunction with a taxable distribution of other reserves in at least the same amount, if any). Subject to certain other conditions, the proceeds from the issue of the Offered Shares will qualify as reserves from capital contributions and as nominal value of the Offered Shares.

The Company is required to deduct 35% Swiss withholding tax on dividends made or paid on Shares out of profit and reserves other than reserves from capital contributions and remit the tax deducted to the Swiss Tax Administration. Such withholding applies also in case of a repurchase of Shares by the Company for subsequent cancellation, to the extent the Company uses reserves other than capital contribution reserves for the repurchase.

Refund of Swiss withholding tax on taxable distributions

The Swiss Tax Administration or the relevant cantonal tax authority, as applicable, will refund or credit Swiss withholding tax deducted in full to individuals resident in Switzerland and to holders who hold the Shares on which the dividends have been paid, as part of a trade or business in Switzerland, and who, in particular, in each case, are the beneficial owners of the Shares and duly report the dividend in the income tax return or the financial statements, respectively, for the relevant tax period.

A holder who is not resident in Switzerland and who does not hold the Shares as part of a trade or business in Switzerland may be entitled to a full or partial refund by the Swiss Federal Tax Administration of the Swiss withholding tax deducted in accordance with the conditions of the tax convention between the country of residence of the holder and Switzerland, if any. The procedures for claiming treaty benefits (and the time required for obtaining a refund) may differ from country to country.

Swiss stamp taxes

Swiss issuance stamp tax

The Company will be subject to Swiss issuance stamp tax (*Emissionsabgabe*) on the issuance of the Offered Shares of 1% of the Offer Price net of certain deductions.

Swiss securities turnover tax

The delivery of Offered Shares against payment of the Offer Price is not subject to Swiss securities turnover tax (*Umsatzabgabe*). Any subsequent transactions in any Shares are subject to Swiss securities turnover tax at an aggregate rate of 0.15% of the consideration paid for such Shares if a bank or other securities dealer in Switzerland or Liechtenstein, as defined in the Swiss Stamp Tax Act (*Bundesgesetz über die Stempelabgaben*), is a party or an intermediary to the transaction and to the extent no exemption applies.

Swiss income taxes

Shares held by holders resident outside of Switzerland and with no trade or business in Switzerland

Holders of Shares who are not resident in Switzerland for tax purposes, and who, during the respective taxation year, have not engaged in a trade or business carried on through a permanent establishment situated in Switzerland for tax purposes will not be subject to any federal, cantonal or communal income tax as a result of any gain realised on the sale or other disposition of Shares or the receipt of dividends, if any, on Shares. See " – *Swiss withholding tax*" above for a summary on the Swiss withholding tax treatment of dividends and distributions on Shares. See " – *International Automatic Exchange of Information in Tax Matters*" below for a summary on the exchange of information in respect of holding Shares in an account or deposit with a financial institution or paying agent in Switzerland.

Shares held by Swiss resident individuals as private investments

Dividends, if any, on Shares made or paid by the Company out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*) and repayments of nominal value of Shares (*Nennwertrückzahlungen*) are exempt from federal, cantonal and communal income taxes for holders of Shares who are individuals resident in Switzerland for tax purposes and who hold the Shares as private investments. Other dividends and distributions, if any, on Shares will be includible in federal, cantonal and communal taxable income for such holders.

In general, any capital gain realised by a holder on the sale of Shares held as private investments classifies as tax-exempt private capital gain and, vice versa, any capital loss as non-tax deductible private capital loss for purposes of federal, cantonal and communal income taxes. See below " – *Shares held as assets of a Swiss business*" for a summary of the taxation treatment of Swiss resident individuals who, for income tax purposes, are classified as "professional securities dealers".

Shares held as assets of a Swiss business

For a holder who holds the Shares as part of a trade or business carried on in Switzerland dividends and distributions, if any, made or paid on Shares, and any capital gain or loss realised on the sale Shares, are generally includible in, or deductible from, respectively, taxable income in the relevant taxation period for purposes of federal, cantonal and communal personal income taxes (as well as, in general, social security contributions) or corporate income taxes. This taxation treatment also applies to Swiss resident private individuals who, for income tax purposes, are classified as "professional securities dealers".

Corporate taxpayers may be eligible for dividend relief (*Beteiligungsabzug*) in respect of dividends and distributions, if any, on Shares held as part of a Swiss business if the market value of the Shares equals or exceeds CHF 1.0 million.

International automatic exchange of information in tax matters

Switzerland has been participating in the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information ("**MCAA**") for the automatic exchange of information ("**AEOI**") in tax matters on the basis of the OECD Common Reporting Standard. In addition, Switzerland has concluded a number of bilateral agreements with the EU (the "**AEOI Agreement**" which applies to all 27 member states) and other jurisdictions. Based on the above AEOI agreements and the implementing laws of Switzerland (i.e., the Federal Act on the International Automatic Exchange of Information in Tax Matters and the Ordinance on the International Automatic Exchange of Information in Tax Matters), the Swiss Federal Tax Administration collects data in respect of financial assets, including Rights or Shares, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in a EU member state or a treaty state, and exchanges it with the tax authorities of the state of residence. A list of the AEOI agreements of Switzerland in effect or signed and becoming effective can be found on:

https://www.sif.admin.ch/sif/en/home/multilateral/steuer_informationsaust/automatischer-informationsaustausch/automatischer-informationsaustausch1.html.

It should be noted that information may also be exchanged if financial assets are held at financial institutions outside of Switzerland. As of December 2020, there are over 4,400 bilateral exchange relationships activated with respect to more than 100 jurisdictions committed to the AEOI, with further jurisdictions continuously joining the AEOI network.

Swiss facilitation of the implementation of the US Foreign Account Tax Compliance Act

Switzerland has concluded an intergovernmental agreement with the US to facilitate the implementation of the Foreign Account Tax Compliance Act ("**FATCA**"). The agreement ensures that certain accounts held by US persons with Swiss financial institutions are disclosed to the US tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. In Switzerland, information will not be transferred automatically in the absence of consent and instead, if consent is not given, will be exchanged within the scope of administrative assistance on the basis of the double taxation agreement between the US and Switzerland. On 8 October 2014, the Swiss Federal Council approved a mandate for negotiations with the US on changing the current direct-notification-based regime to a regime whereby the relevant information would be sent to the Swiss Federal Tax Administration, which in turn would provide the information to the US tax authorities. It is currently unclear if and when such new regime comes into force. It should also be noted that FATCA is a global reporting regime and generally requires all non-US financial institutions to ensure the reporting of certain US accounts to the US tax authorities. Information reporting to the US tax authorities may therefore also be made if financial assets are held at financial institutions outside of Switzerland.

18. DEFINITIONS

Throughout this Prospectus, the following abbreviations for the Swiss Cantons are used: AG for Aargau, BL Basel-Landschaft (Basel Country), BS for Basel-Stadt (Basel-City), GE for Geneva, GL for Glarus, NE for Neuchâtel, SG for Sankt Gallen, SO for Solothurn, TG for Thurgau, VD for Vaud, VS for Valais, ZG for Zug and ZH for Zurich.

In this Prospectus:

"**AEOI**"	has the meaning given to it on page 183;
"**AEOI Agreement**"	has the meaning given to it on page 183;
"**Annualised Property Income**"	means Property Income based on existing rental agreements at a specific reporting date expressed in annual terms;
"**Audit Committee**"	has the meaning given to it on page 154;
"**Authorised Capital Increase**"	has the meaning given to it on page 164;
"**Articles of Association**"	means the Company's articles of association (*Statuten*) dated 29 September 2021;
"**Bonds**"	has the meaning given to it on page 144;
"**Bookbuilding**"	has the meaning given to it on the front page;
"**Canton**" or "**Cantons**"	means one or all of the 26 Cantons of Switzerland;
"**Capex**"	means capital expenditures;
"**CEO**"	has the meaning given to it on page 12;
"**CET**"	means Central European Time;
"**CFO**"	has the meaning given to it on page 12;
"**CHF**" or "**Swiss Francs**"	means Swiss francs, the lawful currency of Switzerland;
"**CHFb**"	means CHF billion;
"**CHFm**"	means CHF million;
"**CO**"	Means the Swiss Code of Obligations of 30 March 1911 (*Obligationenrecht*), as amended;
"**Committees**"	has the meaning given to it on page 154;
"**Compensation Committee**"	has the meaning given to it on page 154;
"**CO_2**"	means carbon dioxide;
"**Company**"	means HIAG Immobilien Holding AG;
"**Compensation Ordinance**"	means the Ordinance against Excessive Compensation in Public Companies of 20 November 2013 (*VegüV*), as amended;
"**CPI**"	means Swiss consumer price index;
"**Investor's Currency**"	has the meaning given to it on page 24;

"**Cut-off Date**"	has the meaning given to it on the front page;
"**DCF-Method**"	has the meaning given to it on page 139;
"**Depository Banks**"	has the meaning given to it on page 3;
"**Development Portfolio**"	has the meaning given to it on page 11;
"**Development Property**" or "**Development Properties**"	means a respectively several Property/Properties which will undergo development in the medium term, and therefore, the lease agreements regarding such Property/Properties are to be terminated and/or no further letting activities are to be pursued regarding this/these Property/Properties;
"**DDoS attack**"	means distributed denial-of-service attack;
"**DoS attack**"	means denial-of-service attack;
"**EBIT**"	means earnings before interest and taxes;
"**EBITDA**"	means earnings before interest, taxes, depreciation and amortisation;
"**EBT**"	means earnings before taxes;
"**EEA**"	means the European Economic Area;
"**EPA**"	means the Federal Act on the Protection of the Environment of 7 October 1983 (*Umweltschutzgesetz*), as amended;
"**EPRA**"	has the meaning given to it on page 68;
"**EPRA NAV**"	means EPRA net asset value;
"**EPRA NDV**"	means EPRA net disposal value;
"**EPRA NNNAV**"	means EPRA triple net asset value;
"**EPRA NRV**"	means EPRA net reinstatement value;
"**EPRA NTA**"	means EPRA net tangible assets;
"**ERP**"	means enterprise-resource-planning;
"**ESG**"	has the meaning given to it on page 94;
"**ETH**"	means Eidgenössische Technische Hochschule;
"**EU**"	means the European Union and its Member States;
"**EURO**" or "**EUR**"	means the currency of the countries participating in the third stage of the European Economic and Monetary Union;
"**Executive Board**"	has the meaning given to it on page 12;
"**Existing Shares**"	has the meaning given to it on the front page;
"**Fair Value**"	has the meaning given to it on page 140;
"**Finance Committee**"	has the meaning given to it on page 154;

"**FinMIA**"	means the Federal Act on Financial Markets Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 (*Finanzmarktinfrastrukturgesetz*), as amended
"**FinSA**"	means the Federal Act on Intermediated Securities of 3 October 2008 (*Finanzdienstleistungsgesetz*), as amended;
"**FINSO**"	means the Federal Financial Services Ordinance of 6 November 2019 (*Finanzdienstleistungsverordnung*), as amended;
"**FISA**"	means the Federal Act on Intermediated Securities of 3 October 2008 (*Bucheffektengesetz*), as amended;
"**First Trading Day**"	has the meaning given to it on the front page;
"**FSO**"	means Federal Statistical Office;
"**FTEs**"	means full-time equivalents;
"**FY**"	means a financial year of the Group;
"**GAV**"	means gross asset value;
"**GC**"	has the meaning given to it on page 12;
"**GDP**"	has the meaning given to it on page 40;
"**GDPR**"	has the meaning given to it on page 34;
"**GfK**"	means Gesellschaft für Konsumentenforschung;
"**Grisgros**"	has the meaning given to it on page 169;
"**Group**"	means the Company and its subsidiaries;
"**HIAG**"	means the Company and its subsidiaries;
"**HIAGBET**"	has the meaning given to it on page 169;
"**HIAGIS**"	has the meaning given to it on page 99;
"**HIAG Solar**"	has the meaning given to it on page 99;
"**HY**"	means the first half of a FY;
"**IMD**"	means IMD Business School;
"**Investment Committee**"	has the meaning given to it on page 154;
"**Investment Guidelines**"	has the meaning given to it on page 145;
"**Investment Properties**"	means all Properties of the Group, consisting of the Yielding Properties and the Development Properties;
"**Investment Properties Portfolio**"	means all Investment Properties of the Group, consisting of the Yielding Portfolio and the Development Portfolio;
"**Issuer**"	means HIAG Immobilien Holding AG;
"**kWh**"	means kilo-watt-hour;

“**Lex Koller**”	means the Federal Act on the Acquisition of Real Estate by Non-Residents dated 16 December 1983, as amended;
“**Listing Rules**”	means the listing rules of SIX Swiss Exchange Regulation AG;
“**LTIP**”	has the meaning given to it on page 158;
“**LTV-Ratio**”	has the meaning given to it on page 96;
“**Majority Shareholders**”	has the meaning given to it on the front page;
“**Management Staff**”	has the meaning given to it on page 12;
“**Market Report**”	has the meaning given to it on page 76;
“**MCAA**”	has the meaning given to it on page 183;
“**Member State**” or “**Member States**”	means a member state of the EU respectively means the member states of the EU together;
“**MWp**”	means mega-watt-peak;
“**Net Proceeds**”	has the meaning given to it on page 17;
“**NIY**”	means net initial yield;
“**NAV**”	means net assets value;
“**Offer**”	has the meaning given to it on the front page;
“**Offered Shares**”	has the meaning given to it on the front page;
“**Offering**”	has the meaning given to it on the front page;
“**offer of Rights or Offered Shares to the public**”	has the meaning given to it on page 180;
“**Offer Price**”	means the price per Offered Share;
“**Order**”	means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended;
“**Organisational Regulations**”	has the meaning given to it on page 149;
“**Other Property Income**”	means non-rental income related to a Property, e.g. sale of electricity (*übriger Liegenschaftsertrag*);
“**Own Shares**”	has the meaning given to it on page 165;
“**PMI**”	means Purchasing Manager’s Index;
“**President**”	has the meaning given to it on page 149;
“**Property**” or “**Properties**”	means a respectively several separately developed and strategically marketable unit(s), which (unless the context requires otherwise) is/are owned by the Group, being either a respectively several Yielding Property / Yielding Properties or a Development Property / Development Properties, on which several buildings may be located;

"**Property Income**"	means the rental income excluding lump sum charges (*Ist-Mietertrag exklusive Nebenkosten*) and including Other Property Income and decreases in income (*Erlösminderungen*) (*Ist-Liegenschaftsertrag*);
"**Prospectus**"	means this prospectus of the Company dated 1 November 2021;
"**Prospectus Regulation**"	means the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended;
"**Potential Property Income**"	means the Annualised Property Income assuming vacant space is let at market rent (*Soll-Mietertrag*);
"**Purchase Position**"	has the meaning given to it on page 168;
"**PV**"	means photovoltaic;
"**relevant persons**"	has the meaning given to it on page 180;
"**Residual Land Value**"	means the Fair Value of a Development Property less cumulated Capex and costs associated with the development;
"**Rights**"	has the meaning given to it on the front page;
"**Rights Exercise Period**"	has the meaning given to it on the front page;
"**ROE**"	has the meaning given to it on page 158;
"**Sale Position**"	has the meaning given to it on page 168;
"**SCOOP**"	has the meaning given to it on page 99;
"**SECO**"	means State Secretariat for Economic Affairs;
"**Share**"	has the meaning given to it on the front page;
"**Share Placement**"	has the meaning given to it on the front page;
"**Shares**"	has the meaning given to it on the front page;
"**Securities Act**"	means the US Securities Act of 1933, as amended;
"**Senft**"	has the meaning given to it on page 169;
"**Settlement Date**"	has the meaning given to it on the front page;
"**SFAG**"	has the meaning given to it on page 169;
"**Site**" or "**Sites**"	means one or several Properties;
"**SNB**"	means Swiss National Bank;
"**Sole Lead Manager**"	means Zürcher Kantonalbank;
"**SPA**"	means the Federal Act on Spatial Planning of 22 June 1979, as amended (*Raumplanungsgesetz*);
"**sqm**" or "**m^2**"	means square meter(s);

“**Subscription Ratio**”	has the meaning given to it on the front page;
“**Supplementary**”	has the meaning given to it on the front page;
“**Swiss GAAP FER**”	means the Swiss Accounting and Reporting Recommendations;
“**SFSO**”	means Swiss Federal Statistical Office;
“**UK**”	means the United Kingdom of Great Britain and Northern Ireland;
“**Placement Agreement**”	has the meaning given to it on page 176;
“**USD**” or “**US-Dollar**”	means US Dollar;
“**US**”, “**USA**” or “**United States**”	means the United States of America;
“**Valuation Date**”	has the meaning given to it on page 5;
“**Valuation Report**”	has the meaning given to it on page 5;
“**Vice President**”	has the meaning given to it on page 149;
“**WAULT**”	has the meaning given to it on page 44;
“**Wüest Partner**”	means Wüest Partner AG;
“**Yielding Portfolio**”	has the meaning given to it on page 11;
“**Yielding Property**” or “**Yielding Properties**”	means a respectively several Property/Properties in which no development is planned;
“**2020 LTIP**”	has the meaning given to it on page 158.

19. RESPONSIBILITY FOR THIS PROSPECTUS

HIAG Immobilien Holding AG, Basel, accepts responsibility for all information contained in this Prospectus and declares that it has taken all reasonable care to ensure that the information in this Prospectus is correct and no material factor has been omitted.

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FINANCIAL REPORTING – INDEX

Unaudited Consolidated Financial Statements of HIAG as of and for the half-year ended 30 June 2021

Financial Report Consolidated Half-Year Financial Statements 30 June 2021 (in accordance with Swiss GAAP FER)

Consolidated Balance Sheet

in TCHF		30.06.2021	31.12.2020
Cash and cash equivalents		**26,363**	19,706
Trade receivables	1	**3,525**	3,393
Other current receivables		**9,627**	8,214
Inventory		**573**	501
Other current financial assets		**1**	718
Properties for sale		**30,776**	29,427
Prepayments and accrued income		**3,965**	4,918
Current assets		**74,829**	**66,877**
Other non-current receivables		**4,283**	4,002
Investment properties	2	**1,749,888**	1,608,417
Other property, plant and equipment		**1,389**	2,110
Financial assets		**7,247**	7,642
Financial assets from shareholders		**2,330**	2,330
Financial assets associated companies		**245**	–
Shares in companies accounted for using the equity method		**95**	–
Non-current assets		**1,765,476**	**1,624,501**
Total assets		**1,840,305**	**1,691,378**

Consolidated Balance Sheet

in TCHF		30.06.2021	31.12.2020
Current financial liabilities	3	**194,585**	139,257
Trade payables		**5,857**	3,227
Other current liabilities		**8,567**	5,965
Current provisions	4	**8,768**	13,024
Tax liabilities		**1,696**	1,715
Accrued liabilities and deferred income		**15,840**	16,396
Current liabilities		**235,314**	**179,584**
Non-current financial liabilities	3	**739,724**	677,429
Non-current provisions	4	**208**	112
Deferred taxes		**80,016**	73,131
Non-current liabilities		**819,948**	**750,672**
Total liabilities		**1,055,262**	**930,256**
Share capital	12	**8,433**	8,433
Capital reserves		**30,192**	39,947
Treasury shares		**–4,516**	–5,211
Retained earnings		**750,933**	717,953
Shareholders' equity		**785,043**	**761,122**
Total liabilities and shareholders' equity		**1,840,305**	**1,691,378**

Consolidated Income Statement

in TCHF		H1 21	Restated[1] H1 20
Property income	5	**30,644**	29,472
Revaluation of properties	6	**32,238**	17,694
Income from sale of promotion projects		**–**	7,570
Profit from sale of properties		**1,661**	–
Cloud Services income		**–**	72
Other operating income	7	**6,827**	3,716
Total operating income		**71,370**	**58,524**
Direct expenses from sales of promotion projects		**–**	–6,444
Cost of materials		**–2,780**	–1,228
Personnel expenses	8	**–6,965**	–8,686
Maintenance and repairs	9	**–2,741**	–4,227
Insurance and fees		**–473**	–612
Energy costs and building maintenance		**–515**	–2,245
General operating expenses		**–204**	–226
Office, administrative and development expenses		**–3,515**	–3,628
Marketing and selling expenses		**–378**	–387
Rent and leases		**–854**	–806
Total operating expenses		**–18,425**	**–28,489**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**52,944**	**30,035**
Amortisation		**–237**	–231
Earnings before interest and taxes (EBIT)		**52,707**	**29,804**
Financial income		**283**	200
Financial expenses	10	**–5,895**	–4,038
Share of results of associates		**–3**	–
Earnings before taxes (EBT)		**47,093**	**25,966**
Taxes	11	**–5,147**	–3,904
Net income for the period		**41,946**	**22,062**
Undiluted earnings per share (in CHF)		**5.04**	2.76
Diluted earnings per share (in CHF)		**5.04**	2.76

1 **Restated due to changes in accounting policies (restatement presentation without impact on net profit), see note 5.**

Consolidated Cash Flow Statement

in TCHF	H1 21	Restated[1] H1 20
Cash flow from operating activities	**14,187**	8,960
Cash flow from investment activities	**–80,223**	–35,950
Cash flow from financing activities	**72,672**	24,536
Effects from foreign exchange	**20**	–22
Increase/decrease in cash and cash equivalents	**6,656**	–2,477
Cash and cash equivalents at 01.01.	**19,706**	23,933
Increase/decrease in cash and cash equivalents	**6,656**	–2,477
Cash and cash equivalents at 30.06.	**26,363**	**21,456**

[1] The changes from promotion projects in the first half of 2020 were reclassified from "cash flow from investing activities" to "cash flow from operating activities". The "Cash flow from operating activities" in the first half of 2020 was TCHF 2,417 and the "Cash flow from investing activities" TCHF –29,407. This adjustment has no impact on the change in cash and cash equivalents.

Statement of Shareholders' Equity

in TCHF	Share capital[1]	Treasury shares2	Capital reserves[3]	Retained earnings	Total
Shareholders' equity at 01.01.2020	**8,050**	**7,884**	**–6,081**	**662,232**	**672,085**
Sale/allocation of treasury shares	–	–112	413	–	301
Net income for the period	–	–	–	22,062	22,062
Shareholders' equity at 30.06.2020	**8,050**	**7,772**	**–5,668**	**684,294**	**694,449**
Shareholders' equity at 01.01.2021	**8,433**	**39,947**	**–5,211**	**717,953**	**761,122**
Dividend payment	–	–9,649	–	–9,649	–19,297
Allocation of treasury shares[3]	–	–106	696	–562	27
Share-based compensation programmes[4]	–	–	–	258	258
Badwill[5]	–	–	–	987	987
Net income for the period	–	–	–	41,946	41,946
Shareholders' equity at 30.06.2021	**8,433**	**30,192**	**–4,516**	**750,933**	**785,043**

1 On 30 June 2021 share capital consisted of 8,433,000 registered shares at a nominal value of CHF 1 per share (H1 2020: 8,050,000 registered shares at a nominal value of CHF 1.00 per share).
2 The non-distributable legal reserves came to TCHF 1,610 (H1 2020: TCHF 1,610).
3 As at 30 June 2021, no shares in HIAG Immobilien Holding AG were purchased by the company in the first half-year. 5,588 shares (H1 2020: 3,323 shares) were allocated or sold to employees. A loss of TCHF 106 was realised on the allocation and sale of treasury shares and booked against the statutory profit reserve (H1 20: loss of TCHF 112).
4 This position is linked to the LTIP 2020 - 2024. This is the equity component.
5 The badwill resulted from the acquisition of the subsidiary K-Buchs S.à.r.l. in April 2021. Badwill was offset against retained earnings at the time of acquisition.

Notes to the Consolidated Financial Statements

Segment reporting

The main business activities of the Group include management of the yielding properties and development activities. Consequently, reporting is broken down according to the segments "Yielding portfolio" and "Development portfolio".

On 13 August 2019, the Board of Directors decided to continue the "Cloud Services" segment on a non-operational basis with the exception of the leasing activities of the existing infrastructure. For reasons of transparency, this segment is still reported separately. For the Cloud Services segment, the item Maintenance and repairs comprises the operating costs for data centres. The item "Rent and leases" includes rent for office space in Wallisellen.

The ancillary activities in the area of employee benefits and personnel services are reported in the segment "Other". All central functions such as the Executive Board and Finance as well as the expenses in connection with the Board of Directors are also shown here. General corporate expenses such as auditing costs, capital taxes, etc. are also reported in the "Other" segment. The activities from the metal recycling business of Jaeger et Bosshard SA, which was acquired in the 2019 financial year, are also included in this segment. Intersegment eliminations for transactions within segments are shown separately.

As the HIAG Group is active exclusively in Switzerland, no geographical segment information is provided.

Segments Half-Year 2021

in TCHF	Yielding portfolio	Development portfolio	Cloud Services	Others	Intersegment elimination	Group
Property income	25,469	5,325	–	–	–149	30,644
Revaluation of properties	19,253	12,984	–	–	–	32,238
Profit from sale of properties	1,661	–	–	–	–	1,661
Other operating income	378	2,276	24	4,376	–226	6,827
Total operating income	**46,761**	**20,585**	**24**	**4,376**	**–375**	**71,370**
Cost of materials	–	–	–	–2,780	–	–2,780
Personnel expenses	–1,583	–3,035	–7	–2,339	–	–6,965
Maintenance and repairs	–1,911	–615	–7	–208	–	–2,741
Insurance and fees	–98	–342	–	–34	–	–473
Energy costs and building maintenance	–601	114	–	–28	–	–515
General operating expenses	–96	–39	–	–70	–	–204
Office, administrative and development expenses	–1,070	–847	–39	–1,785	226	–3,515
Marketing expenses	–220	–25	–	–133	–	–378
Rent and leases	–161	–498	–122	–221	149	–854
Total operating expenses	**–5,740**	**–5,288**	**–176**	**–7,597**	**375**	**–18,425**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**41,020**	**15,297**	**–152**	**–3,221**	**–**	**52,944**
EBITDA before revaluation of properties	**21,767**	**2,313**	**–152**	**–3,221**	**–**	**20,706**

The “Development portfolio” segment was affected by the deconstruction and redevelopment of the Pratteln site in the first half of 2021. The EBITDA contribution of the Pratteln site amounted to CHF 1.7 million as at 30 June 2021 (H1 2020: CHF –2.7 million). This affects the following items as at the reporting date: "Property income" CHF 0.1 million for interim use (H1 2020: CHF 0.0 million), "Other operating income" CHF 1.9 million (H1 2020: CHF 0.3 million) associated with the sale of the production facility, “Maintenance and repairs” CHF –0.1 million (H1 2020: CHF –0.8 million), “Energy costs and building maintenance” CHF 0.3 million (H1 2020: CHF –1.2 million) and "Personnel expenses" TCHF –0.5 million (H1 2020: CHF –1.6 million).

Due to the progress of the dismantling, personnel and maintenance costs have decreased compared to the previous period. The accrual of energy costs as of 31 December 2020 was higher than the invoices received, which led to income in the reporting period.

Restated Segments Half-Year 2020[1]

in TCHF	Yielding portfolio	Development portfolio	Cloud Services	Others	Intersegment elimination	Group
Property income	24,740	4,850	–	–	–118	29,472
Revaluation of properties	6,796	10,898	–	–	–	17,694
Income from sale of promotion projects	–	7,570	–	–	–	7,570
Cloud services income	–	–	72	–	–	72
Other operating income	924	221	4	3,126	–560	3,716
Total operating income	**32,461**	**23,539**	**76**	**3,126**	**–678**	**58,524**
Direct expenses from sales promotion projects	–	–6,444	–	–	–	–6,444
Cost of materials	–	–	–	–1,228	–	–1,228
Personnel expenses	–2,070	–3,387	–1,720	–1,509	–	–8,686
Maintenance and repairs	–2,052	–1,472	–533	–170	–	–4,227
Insurance and fees	–61	–513	–1	–135	98	–612
Energy costs and building maintenance	–363	–1,856	–	–26	–	–2,245
General operating expenses	–99	–47	–	–80	–	–226
Office, administrative and development expenses	–1,292	–495	–357	–1,832	348	–3,628
Marketing expenses	–187	–24	–23	–153	–	–387
Rent and leases	–336	–426	–101	–174	232	–806
Total operating expenses	**–6,459**	**–14,666**	**–2,736**	**–5,306**	**678**	**–28,489**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**19,668**	**15,208**	**–2,660**	**–2,181**	**–**	**30,035**
EBITDA before revaluation of properties	**19,206**	**–2,024**	**–2,660**	**–2,181**	**–**	**12,341**

1 Restated due to changes in accounting policies (restatement presentation without impact on net profit), see note 5.

Accounting principles

These unaudited Consolidated Half-Year Financial Statements have been prepared in accordance with Swiss GAAP FER 31 “Supplementary Financial Reporting Recommendation for Listed Companies”, which permits condensed presentation and disclosure of financial information, and gives a true and fair view of the financial position, results of operations and cash flows. The entire Swiss GAAP FER set of rules was applied.

Changes to the consolidation and valuation policies applied to the Consolidated Half-Year Financial Statements 2020 are described in the significant accounting and valuation policies. If a change is not mentioned explicitly, no changes were applied to the principles compared with the Consolidated Financial Statements 2020.

The Consolidated Half-Year Financial Statements are presented in Swiss francs (CHF). All figures are presented in thousands of Swiss francs (CHF thousand) unless indicated otherwise.

The Consolidated Half-Year Financial Statements are available in German and English. Should there be any linguistic discrepancies, the German version shall prevail.

Scope of consolidation

The Consolidated Financial Statements comprise all subsidiaries of HIAG Immobilien Holding AG in which the company directly or indirectly holds more than 50% in the form of voting rights or share capital. Full consolidation is applied, which means that 100% of the assets, liabilities, expenses and income of the companies to be consolidated are assumed and all intercompany items are eliminated. Minority interests in equity and net earnings are disclosed separately in the balance sheet and the income statement. Changes in ownership interests in subsidiaries are recorded as equity transactions, provided that control continues.

Associated companies, in which HIAG Immobilien Holding AG holds direct or indirect participations of 20% to 50% of voting rights or share capital are consolidated according to the equity method. Participations below 20% are not consolidated and are included in the Consolidated Balance Sheet under Financial assets at acquisition cost minus any operationally necessary value adjustment.

All participations have a balance sheet date of 31 December.

Company	Share capital in TCHF	Stake 30.06.2021[1] in %	Stake 30.06.2020[1] in %	Location
HIAG Immobilien Schweiz AG	11,000	100	100	Baar
HIAG AG[2]	150	–	100	Basel
HIAG Immobilien AG[3]	5,000	–	100	St. Margrethen
HIAG Immobilier Léman SA	1,000	100	100	Aigle
Léger SA	400	100	100	Lancy
Weeba SA	100	100	100	Lancy
Pellarin-Transports SA	50	100	100	Lancy
Promo-Praille SA	200	100	100	Lancy
Jaeger et Bosshard SA	1,175	100	100	Lancy
Société coopérative en faveur du développement des terrains industriels de la Praille-Sud	35	100	100	Lancy
HIAG Data AG	10,000	100	100	Zurich
Trans Fiber Systems SA	107	100	100	Menziken
HIAG Real Estate AG	400	100	100	Zurich
HIAG Labs AG	100	100	100	Zurich
K-Buchs S.à.r.l.[4]	25	100	-	Luxembourg

Associated participations				
HIAG Solar AG[5]	200	49	-	Münchenstein

[1] **Voting rights and share capital**
[2] **HIAG AG was merged with HIAG Immobilien Schweiz AG retroactively as of 1 January, 2021.**
[3] **HIAG Immobilien AG was merged with HIAG Immobilien Schweiz AG retroactively as of 1 January, 2021.**
[4] **100% of K-Buchs S.à.r.l. was acquired as of 26 April 2021.**
[5] **HIAG Solar AG was founded as of 5 March 2021 in cooperation with aventron solar AG. The valuation is carried out using the equity method.**

HIAG Data AG and HIAG Real Estate AG form the Cloud Services segment with HIAG Labs AG for the first half 2021 and the 2020 business year. HIAG Labs AG provides services related to third-party financing. From 1 January 2021, the new purpose of HIAG Real Estate AG will be to hold, develop and sell properties in line with HIAG's strategy. In the first half of 2021, HIAG Real Estate AG does not yet have any real estate activities; this will take place in the second half of 2021.

Jaeger et Bosshard SA specialises in metal recycling. In addition to this business, the company also holds a share of the site "Porte Sud" site in Lancy, Geneva. The former owner of the company is operating the metal recycling business on behalf of HIAG.

On 26 April 2021, 100% of the shares of K-Buchs S.à.r.l. were acquired. In the second half of 2021, a transfer of assets to HIAG Real Estate AG with subsequent liquidation of K-Buchs S.à.r.l. is planned.

HIAG Solar AG was founded as part of a joint venture with aventron solar AG, an established producer of electricity from renewable energies based in Münchenstein (BL). The goal of this company is to expand solar power production on the properties in HIAG's real estate portfolio over the long term. HIAG holds 49% of HIAG Solar AG and determines the valuation using the equity method.

All other companies are real estate companies within the scope of HIAG's strategy with the purposes of maintaining, developing and selling properties.

Capital consolidation

Capital consolidation is carried out according to the purchase method. Under this method, the purchase price of an acquired company is offset against the net assets revalued at the time of acquisition according to uniform Group principles. The difference between the purchase price and the revalued net assets of the acquired company is referred to as goodwill or badwill. Any goodwill or badwill is offset or credited against retained earnings without affecting profit or loss. The initial consolidation takes place at the time of the transfer of control over the acquired company.

Changes in the scope of capital consolidation

The following changes in the scope of consolidation took place in the reporting year:

Consolidated company		Stake in %
K-Buchs S.à.r.l.	Purchased on 26 April 2021	100

At the time of initial consolidation, the company K-Buchs S.à.r.l. reported the following material balance sheet items at current values:

in TCHF	
Cash and cash equivalents	520
Investment properties	53,000
Current financial liabilities	800
Non-current financial liabilities	24,315
Deferred taxes	2,525
Shareholders' equity	20,601

The acquisition resulted in a badwill of TCHF 987, which was offset against retained earnings at the time of acquisition.

Translation of foreign currencies

All the companies within the HIAG Group scope of consolidation use the Swiss franc as their functional currency. Consequently, there are no foreign currency translation effects.

Significant accounting and valuation policies

General information

HIAG Immobilien Holding AG's Consolidated Financial Statements are prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER).

Due to rounding to the nearest thousand CHF, rounding differences may occur in the addition and subtraction of individual positions compared with the reported position totals.

Investment properties

The portfolio is broken down into the following categories:

- Undeveloped lands
- Properties
- Properties currently under development
- Properties for sale

General

All investment properties were measured at fair value on the basis of the discounted cash flow method (DCF) in accordance with Swiss GAAP FER 18. The residual value method is used to ascertain the fair value of undeveloped properties. The current values are assessed and updated every six months by an independent expert. The properties are inspected at least every three years. No scheduled depreciation is carried out. Increases and decreases in value are reported under 'Revaluation of properties'. The expected additional expenses linked to environmental risks are assessed by an independent environmental expert based on historical and technical investigations, and subtracted from the fair value of the properties. Interest on construction loans is capitalised. Other borrowing costs are recorded as financing costs. The portfolio does not include any properties used by HIAG itself.

Properties

Properties are broken down into "Yielding properties" and "Development properties". "Yielding properties" are those properties for which no development is planned. "Development properties" describes properties that are to undergo development in the medium term and/or for which development planning is currently under way. Properties are carried at fair value.

Properties currently under development

Properties that are under development at the time the balance sheet is drawn up are grouped under the item "Properties currently under development". They are reported as "Properties currently under development" from the time the initial work is contracted until the development project is completed and/or is ready for occupation.

Properties for sale

"Properties for sale" include residential projects that are developed and marketed as condominiums (promotion projects). Properties for sale are reported under current assets. The promotion projects are valued at acquisition or production cost. The last market value at the time of reclassification represents the acquisition value of the properties. No further revaluation takes place until the sale. If the expected sales price is lower than the acquisition or production cost, a value adjustment is made. The result from the sale of properties is realised when all contractual conditions have been fulfilled and the transfer of ownership has taken place.

Derivative financial instruments

HIAG uses derivative financial instruments (interest rate swaps) to hedge interest rate risks. Valuation differences between the hedging transaction and the underlying transaction are only booked if there is no close mutual correlation (effectiveness). If effectiveness is given, the hedging transaction is disclosed off-balance sheet in the notes. The current interest payments from the underlying and the hedging transaction are reported in the income statement.

Other property, plant and equipment and intangible fixed assets

"Other tangible fixed assets" include office equipment, machinery and vehicles and the fixed assets of Jaeger et Bosshard SA. "Intangible assets" mainly comprise the acquired and internally provided services in connection with the cloud infrastructure of HIAG Data.

"Other tangible fixed assets" and "Intangible assets" are stated at cost less depreciation and possible impairment.
Depreciation and amortisation is calculated using the straight-line method. The depreciation period for office equipment three to ten years, for the equipment of Jaeger et Bosshard SA five to fifteen years and for intangible assets three to five years. If it is foreseeable that the economic useful life of individual assets will be shorter than their planned useful life, increased depreciation is applied.
Leased assets are depreciated over the term of the lease.

Property income

Property income comprises property income after deduction of vacancies, income from the sale of electricity from the company's own power plants and reductions in income, such as loss of rent. Property income is recognised in the income statement when the rent is due. If tenants are granted rent-free periods, the equivalent value of the incentive is recognised on a straight-line basis over the entire term of the lease as an adjustment to the property income. Revenues from the sale of electricity are recognised after the services have been rendered. From 1 January 2020, a net presentation of the service charges is made. In addition, other income related to services is shown in the position "other operating income".

Other operating income

Other operating income contains all revenues that cannot be allocated to another revenue category. Therefore, the position consists of one-off effects and non-recurring revenue items (for example, the disposal of non-used fixed assets or insurance benefits). Moreover, revenues from non-core business activities of the Group are encompassed in this position (such as services for third parties in the area of human resources or income from the metal recycling business). All these revenues are recorded after the service has been rendered to the third party.

Inventory and Cost of materials

Due to the acquisition of Jaeger et Bosshard SA, a company specialised in metal recycling, the consolidated financial statements show inventories and material expenses. Inventories are valued at cost (average cost method). Whenever it is foreseeable that the net market value of inventories is lower than cost, write-downs are made to the lower of cost or net realisable value.

Events after the balance sheet date

On 27 May 2021, HIAG successfully placed a CHF 160 million fixed-rate bond with a coupon of 0.75% and a term of seven years until 2028. The bond, which matures on 1 July 2021, seamlessly replaces the CHF 100 million bond maturing on the same date. The proceeds from the placement will be used to repay bank financing.

In addition, HIAG sold the residential properties Herrenweg 1-7, Herrenweg 6 and Derendingerstrasse 18-40 in Biberist on 19 August 2021.

1 Trade receivables

in TCHF	30.06.2021	31.12.2020
Trade receivables	4,137	4,052
Provision for bad debts	–612	–659
Total	3,525	3,393

Losses on accounts receivable come to TCHF 11 (0.02% of operating income without revaluation of properties) as at 30 June 2021 compared to TCHF 55 (0.05% of operating income without revaluation of properties) as at 31 December 2020.

2 Investment properties

in TCHF	Undeveloped land	Properties	Properties currently under development	Total investment properties
Balance at 01.01.2020	**171,029**	**1,338,552**	**62,097**	**1,571,676**
Reclassifications	–8,047	–33,380	41,427	–
Additions	17,473	36,821	21,214	75,508
Disposals	–	–27,125	–9,129	–36,254
Revaluation of properties without environmental risks correction	24,813	12,867	1,710	39,390
Change of costs for environmental risks	–2,124	–11,089	736	–12,477
Balance at 31.12.2020	**203,144**	**1,316,647**	**118,055**	**1,637,844**
Reclassification of properties for sale	–	–	–29,427	–29,427
Balance after reclassifications as at 31.12.2020	**203,144**	**1,316,647**	**88,628**	**1,608,417**
Balance at 01.01.2021	**203,144**	**1,316,647**	**118,055**	**1,637,844**
Reclassifications	–	49,270	–49,270	–
Additions	3,836	96,795	14,293	114,924
Disposals	–	–2,747	–	–2,747
Revaluation of properties without environmental risks correction	580	30,218	2,397	33,195
Change of costs for environmental risks	–83	–2,594	125	–2,552
Balance at 30.06.2021	**207,477**	**1,487,589**	**85,600**	**1,780,664**
Reclassification of properties for sale	–	–	–30,776	–30,776
Balance after reclassifications as at 30.06.2021	**207,477**	**1,487,589**	**54,824**	**1,749,888**

In the reporting period, Wüest & Partner AG appraised all properties. The discount rates used for the property appraisals fluctuated within a corridor of 2.00% to 5.45% as of the balance sheet date (31 December 2020: 2.00% to 5.50%).

The additional costs to be expected due to environmental risks were analysed on the basis of historical and technical investigations and taken into account in the real estate investments with an amount of TCHF 58,580 (31 December 2020: TCHF 56,028) as at the balance sheet date. The clarification of environmental risks is an ongoing process. The portfolio was reassessed in the second half of 2020 based on a risk analysis by management. The building materials and contaminated land were re-analysed with the current technical knowledge. For the calculation of the provision for environmental risks, a probability and a time horizon are defined by management, which corresponds to the development horizon. New findings from historical or technical investigations are taken into account on the balance sheet date and have led to an increase in the deductions for environmental risks of TCHF 2,552 in the current reporting period, of which TCHF 957 is recognised in profit or loss and TCHF 1,595 is recognised directly in equity as part of an acquisition (H1 2020: increase in deductions of TCHF 4,519 recognised in profit or loss). A discount rate of 2.00% was applied as at 30 June 2021 (31 December 2020: 2.00%).

The effective acquisition costs cannot be reliably determined in some cases due to the very long backlog of acquisition dates and investments. For this reason, the acquisition values are not stated.

New additions in the first half year 2021 came to TCHF 114,924 resulting from investments in 30 sites and acquisitions in Winterthur (TCHF 15,057), Solothurn (TCHF 19,571) and Buchs (TCHF 53,000). The largest investments were made in Meyrin (TCHF 8,442), in Dietikon (TCHF 6,882), in Niederhasli (TCHF 4,395), and in Cham (TCHF 2,999).

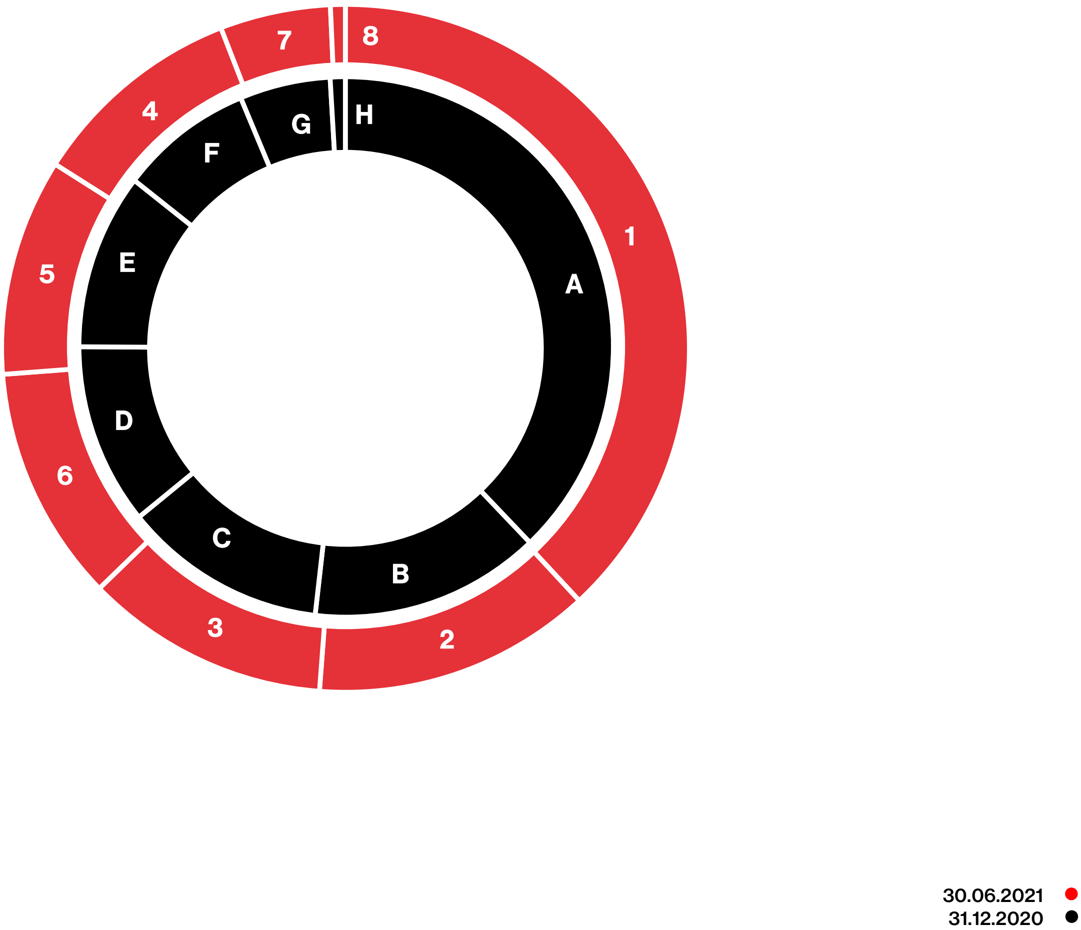
Disposals of TCHF 2,747 relate to the sale of a property in Aathal (TCHF 2,077) and a single-family house in Wetzikon (TCHF 670).

On 26 March 2021, HIAG acquired a site in Reinach BL as part of a sale-and-lease-back transaction. A right of first refusal exists for this property, which can be exercised within six months. As at the balance sheet date, this right had not been exercised.

Properties for sale

in TCHF	30.06.2021	31.12.2020
Promotion projects	30,776	29,427
Total properties for sale	**30,776**	**29,427**

On the balance sheet date, the promotion projects amounted to TCHF 30,776 (31 December 2020: TCHF 29,427). In the reporting period and in the previous year, this was the promotion project in Cham.



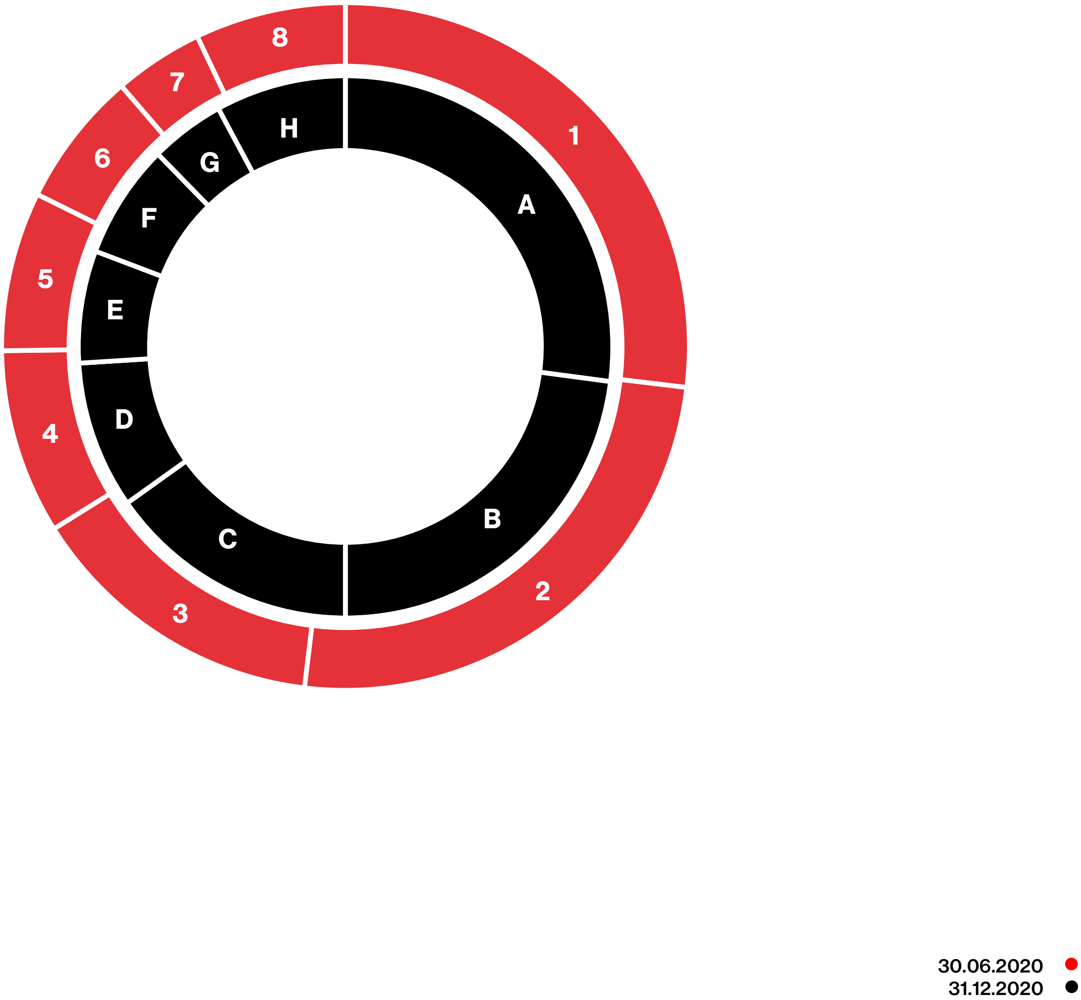
Market value of investment properties according to use[1] as at 30 June 2021

1	Industry, Commercial	38.1%
2	Building land	13.1%
3	Residential	11.5%
6	Distribution, Logistics	11.1%
5	Retail	10.2%
4	Office	10.1%
7	Residential, Commercial	5.2%
8	Miscellaneous	0.7%

Market value of investment properties according to use[1] as at 31 December 2020

A	Industry, Commercial	37.9%
B	Building land	13.9%
C	Residential	12.3%
D	Office	11.0%
E	Retail	10.6%
F	Distribution, Logistics	8.0%
G	Residential, Commercial	5.4%
H	Miscellaneous	0.9%

[1] The calculations of the types of use are based on the main uses of the properties.



Market value of investment properties by canton as at 30 June 2021

1	Zurich	26.9%
2	Aargau	25.0%
3	Geneva	14.2%
4	Zug	8.7%
5	Solothurn	7.5%
6	Baselland	6.4%
7	St. Gallen	4.2%
8	Miscellaneous	7.1%

Market value of investment properties by canton as at 31 December 2020

A	Zurich	27.1%
B	Aargau	22.9%
C	Geneva	15.1%
D	Zug	8.9%
E	Solothurn	6.8%
F	Baselland	6.9%
G	St. Gallen	4.5%
H	Miscellaneous	7.8%

3 Financial liabilities

in TCHF	30.06.2021	31.12.2020
Current liabilities to banks	92,637	35,037
Current leasing liabilities	1,447	4,220
Current bonds	100,000	100,000
Current financial liabilities from interest rate swap hedges	502	–
Total current financial liabilities	**194,585**	**139,257**
Non-current liabilities to banks	199,096	137,429
Non-current bonds	540,000	540,000
Non-current financial liabilities from interest rate swap hedges	628	–
Total non-current financial liabilities	**739,724**	**677,429**
Total	**934,309**	**816,686**

Current financial liabilities include those financings which are due within the next 12 months. With the surplus of the bond, which will be placed on 1 July 2021, bank financing in the amount of TCHF 56,000 will be repaid on 2 July 2021, which is included in current liabilities to banks as of 30 June 2021.

Financing with a remaining maturity of more than one year as at the reporting date is recorded under “Non-current financial liabilities”. Most of the bank financing is secured by mortgages.

The loan-to-value ratio ([cash and cash equivalents + financial liabilities] / property value) was 51.0% as at the reporting date (31 December 2020: 48.7%) and the loan-to-value ratio at market value (bank liabilities / property value) was 16.5% (31 December 2020: 10.2%).

The average interest rate for financial liabilities was 0.9% in the reporting period (H1 2020: 0.9%).

Through the acquisition of K-Buchs S.à.r.l., HIAG took over a derivative financial instrument (interest rate swaps) to hedge the interest rate risks of this subsidiary. The hedged mortgage (underlying transaction) in the amount of TCHF 25,200 is included in non-current liabilities to banks. Due to the lack of correlation between the hedging transaction and the underlying transaction, the negative replacement value was recognised as a current and non-current financial liability from interest rate swap hedging. The current interest payments from the underlying transaction and the hedging transaction are recognised in the financial result.

Conditions of financial liabilities as at 30.06.2021

Item	Book value	Currency	Due date	Interest rate
Liabilities to banks	291,733	CHF	See 'Due dates in TCHF as at 31.12.2020'	Between 0.5% and 2.7%
Bonds	640,000	CHF	See 'Terms and conditions of financial liabilities'	Between 0.8% and 1.0%
Leasing liabilities	1,447	CHF	31.10.2021 with quarterly repayments	0.5%
financial liabilities from interest rate swap hedges	1,130	CHF	31.12.2019	2.75%
Total	**934,309**			

Conditions of financial liabilities as at 31.12.2020

Position	Book value	Currency	Due date	Interest rate
Liabilities to banks	172,466	CHF	See 'Due dates in TCHF as at 31.12.2019'	Between 0.5% and 2.9%
Bonds	640,000	CHF	See 'Terms and conditions of financial liabilities'	Between 0.8% and 1.0%
Leasing liabilities	4,220	CHF	31.10.2021 with quarterly repayments	0.5%
Total	**816,686**			

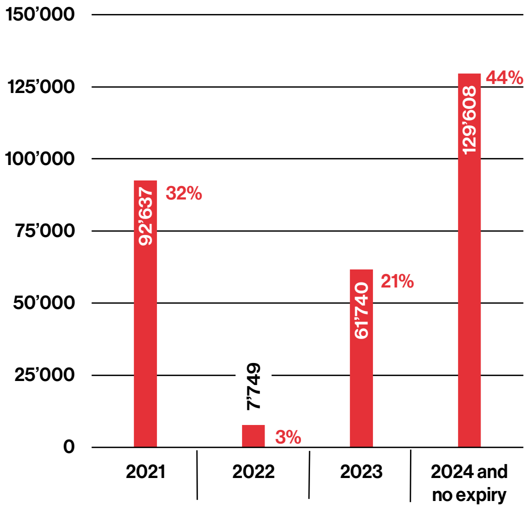
Terms and conditions of financial liabilities

Benchmarks	Bond May 2019	Bond October 2018	Bond May 2017	Bond July 2016	Bond July 2015[1]
Amount	TCHF 150,000	TCHF 125,000	TCHF 150,000	TCHF 115,000	TCHF 100,000
Maturity	5 years (08.05.2019 –08.05.2024)	4 years (26.10.2018 –26.10.2022)	5 years (30.05.2017 –30.05.2022)	7 years (04.07.2016 –04.07.2023)	6 years (01.07.2015 –01.07.2021)
Interest rate	0.875%	1.0%	0.8%	1.0%	1.0%
Listing	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Security number	47,129,798	43,467,844	36,274,830	32,637,142	28,460,739
ISIN	CH0471297983	CH0434678444	CH0362748300	CH0326371421	CH0284607394

1 **On 27 May 2021, HIAG successfully placed a CHF 160 million fixed-rate bond with a coupon of 0.75% and a term of seven years until 2028. The bond, which matures on 1 July 2021, seamlessly replaces the CHF 100 million bond maturing on the same date. The proceeds from the placement will be used to repay bank financing.**

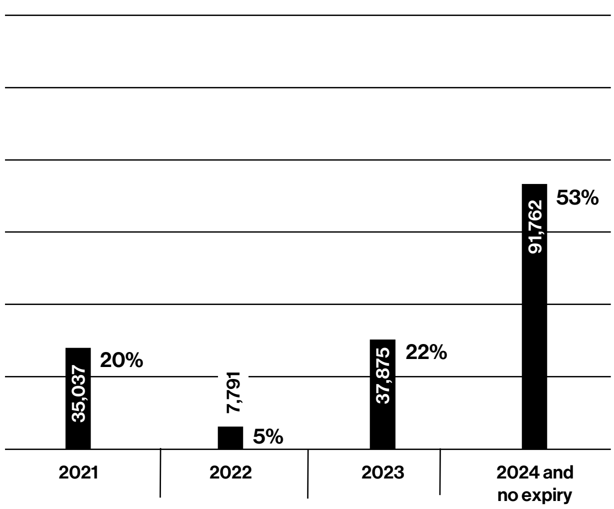
Financial liabilities are recorded and valued at nominal value.

Due dates of the liabilities to banks in TCHF as at 30.06.2021



Total: TCHF 291,733 = 100%

Due dates of the liabilities to banks in TCHF as at 31.12.2020



Total: TCHF 172,466= 100%

Interest rates were fixed as follows as at 30 June 2021 (until the next interest rate adjustment):

Up to one year including building loan	254,595	87%
2022	7,749	3%
2024 and longer	29,390	10%
Total	**291,733**	**100%**

Interest rates were fixed as follows as at 31 December 2020 (until the next interest rate adjustment):

Up to one year including building loan	97,110	56%
2021	7,791	5%
2022	37,875	22%
2023 and longer	29,689	17%
Total	**172,466**	**100%**

4 Provisions

in TCHF	Other provisions	Provision for de-construction and site remedia-tion costs Pratteln	LTIP provision	Total
Book value at 31.12.2020 / 01.01.2021	**1,398**	**11,626**	**112**	**13,136**
Increase	610	–	96	705
Utilisation	–	–4,841	–	–4,841
Release	–25	–	–	–25
Book value at 30.06.2021	**1,982**	**6,786**	**208**	**8,976**
– thereof current	1,982	6,786	–	8,768
– thereof non-current	–	–	208	208

In connection with the bankruptcy of the former tenant in Pratteln, HIAG assumed the costs for the demolition of the production infrastructure, which contractually should have been borne by the tenant. As at 30 June 2021, TCHF 4,841 (H1 2020: TCHF 2,397) of the provision had been utilised through work performed. HIAG assumes that the demolition will be completed in 2021, which is why the remaining provision was classified as current.

The item "other provisions" mainly includes provisions for holidays and overtime. There were no provisions for pension obligations or restructuring in the reporting year or the previous year. Only risks with a probability of occurrence of at least 50% are taken into account.

5 Property Income

in TCHF	H1 21	H1 20
Property income	**30,246**	29,324
Other property income	**425**	384
Decrease in income	**–27**	–236
– thereof agreed rent reductions COVID-19	**–103**	–79
– thereof expected rent reductions COVID-19	**–103**	–386
– thereof release/increase of doubtful debts	**179**	236
Total	**30,644**	**29,472**

[1] Restated due to changes in accounting policies (restatement presentation without impact on net profit), see explanation below.

As at 30 June 2021, the position "Rental income" includes the creation of prepaid expenses in the amount of TCHF 103 (H1 2020: release of TCHF 45) for rental agreements with rent-free periods. The position "Other property income" includes electricity sales revenue from the company's own power plants in the amount of TCHF 425 in the first half of 2021 (H1 2020: TCHF 366).

Due to HIAG's portfolio mix and active portfolio management activities, rental income in the first half of 2021 was only slightly affected by the closures and restrictions imposed by the Federal Council to fight against the coronavirus (TCHF 206, 0.7% of annualised rental income). Leasehold rentals for which agreements had been signed as at the balance sheet date amounted to TCHF 103. An accrual of TCHF 103 was made for rent receivables for which no agreements had been signed as at the balance sheet date.

Most important tenants

As at the balance sheet date the five most important tenants in terms of annualised rental income are (in alphabetical order): Amcor Flexibles Rorschach AG, C&A Mode AG, Doka Schweiz AG, Hewlett-Packard International Sàrl, Sieber Transport AG.

Share of annualised property income represented by (%):	H1 21	H1 20
The largest tenant	4%	4%
The three largest tenants	12%	12%
The five largest tenants	19%	18%
The ten largest tenants	31%	31%

Changes in accounting principles (restatement)

The presentation of the income statement H1 2020 has been adjusted and the effects are shown in the following table:

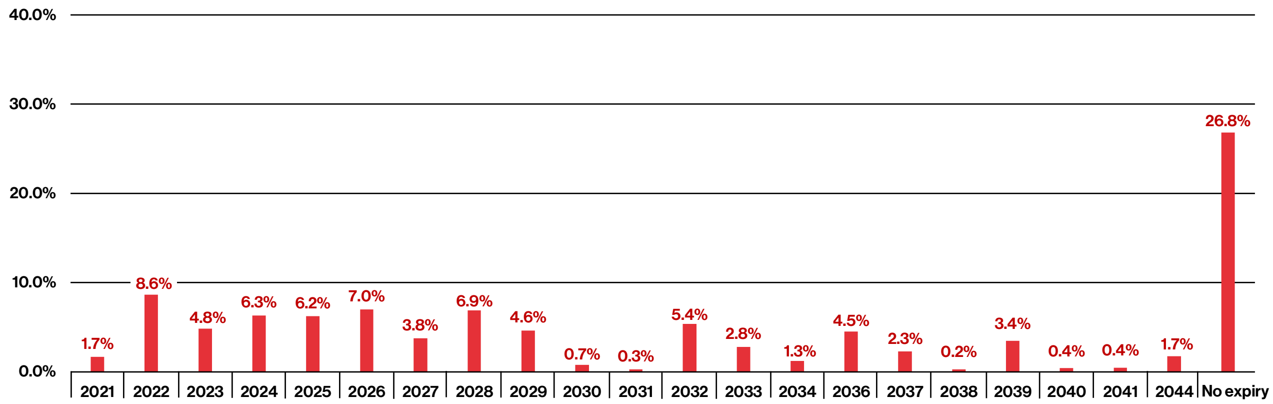
in TCHF	Restated H1 20	Restatement promotion projects	H1 20
Rental income	29,324	–	29,324
Other property income	384	–	384
Decrease in income	–236	–	–236
Total rental income	**29,472**	**–**	**29,472**
[...]		–	
Profit from sale of promotion projects	–	–1,126	1,126
Income from sale of promotion projects	7,570	7,570	–
[...]		–	
Other operating income	3,716	–	3,716
[...]		–	
Total operating income	**58,524**	**6,444**	**52,080**
		–	
Direct expenses from sales of promotion projects	–6,444	–6,444	–
[...]		–	
Total operating expenses	**–28,489**	**–6,444**	**–22,045**
Earnings before depreciation (EBITDA)	**30,035**	**–**	**30,035**

As was already the case in the 2020 financial statements, the "income from sales of promotion projects" (TCHF 1,126) in the previous year was also reported net in operating income in the first half of 2021. The presentation was adapted to the SIX guidelines, which stipulate that promotion projects are to be reported under current assets and the associated revenue and expenses are to be recorded separately. Thus, the gross proceeds from the sale of promotion projects are now reported in the item "Income from the sale of promotion projects" (TCHF 7,570) and the corresponding expenses in the item "Direct expenses from the sale of promotion projects" (TCHF 6,444).

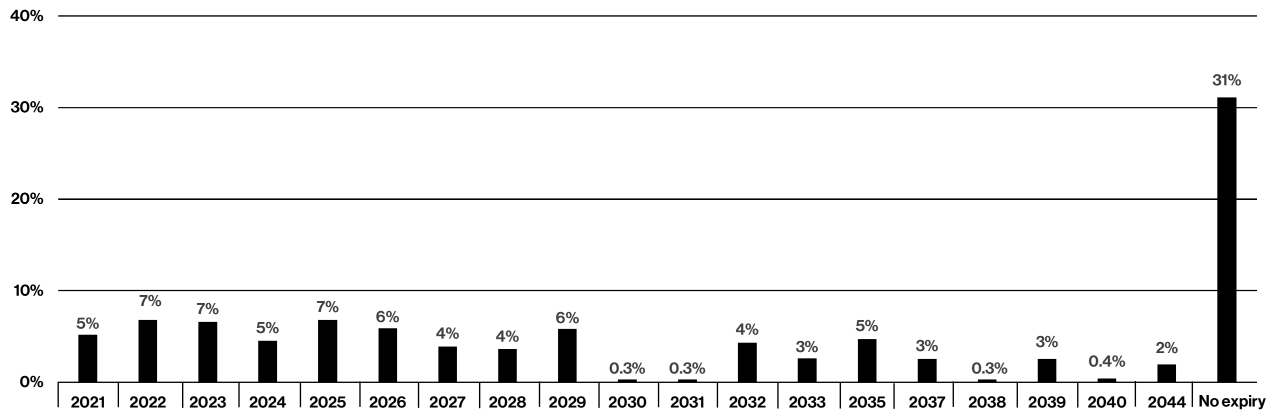
Expiry of rental agreements

The overview of the expiry profile of rental agreements shows when the agreements can be terminated at the earliest.

Overview of expiry profile of rental agreements as at 01.07.2021



Overview of expiry profile of rental agreements as at 01.01.2021



Vacancy rate in %	30.06.2021	31.12.2020
Yielding properties	9.7%	13.0%
Development properties	15.7%	13.7%
Total portfolio	10.8%	13.2%

The vacancy rate across the entire portfolio was reduced by 2.4 percentage points to 10.8%. The vacancy rate in the existing portfolio was 9.7% (31 December 2020: 13.0%). This very pleasing development is primarily based on new lettings in Aesch, Biberist, Birsfelden, Dornach, Frauenfeld, Klingnau, Kleindöttigen, Niederhasli, Wetzikon and Windisch, the completion of the project in Niederhasli and the acquisition in Buchs (AG). Like for like, the vacancy rate in the existing portfolio would have been 10.3%.

6 Revaluation of properties

in TCHF	H1 21	H1 20
Revaluation yielding portfolio	26,199	6,592
Revaluation Development portfolio	6,039	11,102
Total	32,238	17,694

The most significant net changes in the value of the yielding portfolio after adjustment of the provision for environmental risks occurred at the properties in Buchs (TCHF 6,690), Brunegg (TCHF 6,643), Cham (TCHF 3,330), Meyrin (TCHF –887) Birsfelden (TCHF –881) and Carouge (TCHF –871).

The largest net changes in value in the development portfolio after adjustment of the provision for environmental risks occurred at the properties in Altstetten (TCHF 3,403), Winterthur (TCHF 2,415), Cham (TCHF 1,941), Vernier (TCHF –1,473), Niederhasli (TCHF –1,046) and Ermatingen (TCHF –812).

The weighted discount rate fell slightly to 3.64% as of 30 June 2021. (31 December 2020: 3.73%).

Out of a total of 121 properties valued at market value, 80 properties experienced positive market value adjustments, 39 properties were affected by negative changes in value and two properties had no change in value.

7 Other operating income

in TCHF	H1 21	H1 20
Services rendered to third parties	80	340
Metal recycling income	4,302	2,448
Other operating income	2,445	927
Total	6,827	3,716

“Services rendered to third parties” relate to the management, asset management and technical-administrative administration of the HIAG Pension Fund as well as human resources services to companies affiliated with the HIAG Pension Fund. These human resources services will be discontinued as of 1 January 2022. As of 30 June 2021, three clients remained.

The position "Metal recycling income" includes income from Jaeger et Bosshard SA. Earnings were significantly lower in the first half of 2020 due to the COVID-19-situation.

The position "other operating income" includes TCHF 1,921 for the sale of a production facility of the site in Pratteln. (H1 2020: TCHF 0).

8 Personnel expenses

in TCHF	H1 21	H1 20
Wages and salaries	–5,778	–7,337
– thereof real estate	–4,358	–4,293
– thereof Pratteln site	–930	–1,157
– thereof cloud services	–	–1,431
– thereof Jaeger et Bosshard SA	–490	–456
Social security contributions	–874	–1,043
– thereof real estate	–709	–541
– thereof Pratteln site	–73	–167
– thereof cloud services	–	–236
– thereof Jaeger et Bosshard SA	–92	–99
Other personnel expenses	–313	–306
– thereof real estate	–266	–194
– thereof Pratteln site	–2	–27
– thereof cloud services	–	–53
– thereof Jaeger et Bosshard SA	–44	–32
Total	–6,965	–8,686

	H1 21	H1 20
Employee headcount	76	103
– thereof real estate	59	56
– thereof Pratteln site	5	23
– thereof cloud services	–	12
– thereof Jaeger et Bosshard SA	12	12
Full-time employees	70.8	92.8
– thereof real estate	54.0	48.1
– thereof Pratteln site	4.8	21.8
– thereof cloud services	–	10.9
– thereof Jaeger et Bosshard SA	12.0	12.0

All employees of the Cloud Services segment left HIAG in the second half of 2020 after the closure of operations, as this segment was discontinued as of 31 December 2020. The number of project employees at the Pratteln site was reduced as planned and expected due to the progress of the dismantling project.

9 Maintenance and repairs

in TCHF	H1 21	H1 20
Maintenance and repairs	–2,741	–4,227
– thereof real estate	–2,506	–2,889
– thereof Pratteln site	–48	–660
– thereof cloud services	–7	–528
– thereof Jaeger & Bosshard SA	–180	–150

Expenses for the Pratteln site were lower in the reporting period due to the progress of the deconstruction project. In the Cloud Services segment, all major contracts were terminated as of 31 December 2020.

10 Financial expenses

in TCHF	H1 21	H1 20
Interest expenses from bank financing	–770	–691
Interest expenses bond	–2,952	–2,952
Bank fees and bank interest	–97	–90
Exchange rate losses	20	–22
Impairment of financial assets	–1,870	–51
Other interest expenses[1]	–226	–231
Total	**–5,895**	**–4,038**

[1] In H1 2021, proportional issuing costs of the bond in the amount of TCHF 205 are amortised over the maturity of the bond in the income statement (H1 2020: TCHF 205).

The average interest rates paid for bank liabilities came to 0.87% in the period under review (H1 2020: 0.90%). The fluctuation corridor for interest rates was between 0.2% and 2.9% (H1 2020: between 0.5% and 3.4%). Interest rates for construction loans for site development projects amounting to TCHF 10 were capitalised (H1 2020: TCHF 36).

The position "Impairment of financial assets" contains the impairment of a loan granted to third parties in the reporting period in the amount of TCHF 1,870 (H1 2020: TCHF 51). The entire loan amount was fully impaired in the reporting period, as repayment by the borrower is unlikely at the present time or the financial situation of the counterparty has been classified as critical.

11 Taxes

in TCHF	H1 21	H1 20
Income taxes	–70	76
Deferred taxes	–4,360	–3,878
Capitalisation of tax losses carried forward	1	398
Use of capitalised tax losses carried forward	–718	–500
Total	**–5,147**	**–3,904**

In the reporting period, provisions for deferred taxes of TCHF 4,360 were recorded (H1 2020: creation of TCHF 3,878). The increase of the provision in the reporting period was mainly related to the positive change in value from the revaluation of real estate investments in the reporting period.

As it is probable that taxable profits can be offset against corresponding loss carryforwards, an economic benefit of TCHF 1 was capitalised as at 30 June 2021 (H1 2020: TCHF 398). The capitalisation corresponds to the expected economic benefit within the next twelve months. Of the capitalised loss carryforwards as at 31 December 2020, TCHF 663 were used (H1 2020: TCHF 500) and TCHF 55 were reversed without being used (H1 2020: TCHF 0).

As at the balance sheet date, the Group companies have unrecognised tax loss carryforwards totalling TCHF 242,271 (31 December 2020: TCHF 231,783). The potential tax reductions from not yet capitalised loss carryforwards amounted to TCHF 39,278 as at 30 June 2021 (31 December 2020: TCHF 37,644). From today's perspective, the recoverability of these potential tax reductions is not given.

12 Shareholders' equity

Composition of share capital in CHF	30.06.2021	31.12.2020
Registered shares (nominal value: CHF 1)	8,433,000	8,433,000
Total	**8,433,000**	**8,433,000**

On 30 June 2021, share capital consisted of 8,433,000 registered shares at a nominal value of CHF 1.00 per share (2020: 8,433,000). Each share is entitled to one vote. Pursuant to Article 3 of the Articles of Incorporation, the Board of Directors is authorised to increase the share capital of the company by a maximum of TCHF 1,217 until 23 April 2022. As at 30 June 2021, conditional share capital came to TCHF 350 (31 December 2020: TCHF 350).

The non-distributable statutory and legal reserves come to TCHF 1,610 (31 December 2020: TCHF 1,610).

Earnings and shareholders' equity (NAV) per share in TCHF except earnings per share	H1 21	H1 20
Net income	41,946	22,062
Time-weighted average number of shares outstanding	8,327	8,001
Earnings per average registered share outstanding	5.04	2.76
Undiluted earnings per share	5.04	2.76
Diluted earnings per share	5.04	2.76

in CHF	30.06.2021	31.12.2020
Shareholders' equity (NAV) per outstanding registered share, before deferred taxes	103.04	99.43
Shareholders' equity (NAV) per outstanding registered share, after deferred taxes	93.51	90.72

As at 30 June 2021, there were no dilutive effects.

EPRA Key Performance Figures

Performance figures according to EPRA

The European Public Real Estate Association (EPRA) is an association of the leading European companies in the real estate industry.
HIAG reports performance measures in accordance with the Best Practices Recommendations of the EPRA Reporting and Accounting Committee dated October 2019. These guidelines apply to accounting periods beginning on 1 January 2020. The new guidelines introduce three new measures of net asset value (EPRA Net Reinstate-ment Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV)), which replace EPRA NAV and EPRA NNNAV and propose additional disclosures in the Capex table. HIAG has made the necessary adjustments to the ratios in accordance with the new recommendations, and has also shown the previously reported EPRA net asset ratios (i.e. EPRA NAV and EPRA NNNAV) for comparison purposes.

Summary EPRA Performance Measures	Definition	Purpose	30.06.2021	30.06.2020
A. EPRA Earnings per share	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings	CHF 1.49	CHF 0.89
Company specific Adjusted EPS	Company specific Adjusted Earnings		CHF 1.72	CHF 1.24
B. EPRA NAV Metrics per share	EPRA Net Reinstatement Value: Assumes that entities never sell assets and aims to represent the value required to rebuild the entity	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	CHF 106.23	CHF 105.91
	EPRA Net Tangible Assets: Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax		CHF 103.80	CHF 103.53
	EPRA Net Disposal Value: Represents the shareholders' value under a disposal scenario, where de-ferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax		CHF 94.62	CHF 94.90

Summary EPRA Performance Measures	Definition	Purpose	30.06.2021	31.12.2020
C. EPRA Net Initial Yield (NIY)	calculated to the full extent of their liability, net of any resulting tax	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	3.67%	3.47%
C.EPRA 'topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	Companies should provide detail on the calculation of the measure and reconciliation between the EPRA NIY and 'topped-up' NIY in the recommended format as shown in Section 3.4.	3.68%	3.50%
D. EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	10.82%	13.17%
E. EPRA Cost Ratios	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs	35.03%	32.24%
Adjusted-EPRA Cost Ratios (Yielding Portfolio only) (excluding direct vacancy costs)			20.44%	22.14%

EPRA Key Performance Figures

Like-for-like rental growth reporting

in TCHF	Annualized property Income 30.06.2021	Effect from portfolio changes[1]	Like for Like Property income 30.06.2021	Annualized property income 31.12.2020	Like-for-Like growth	Like-for-Like growth in %
North-West Switzerland	23,888	–2,450	21,438	20,748	690	3.33%
Central Switzerland	3,080	–	3,080	3,098	–18	-0.57%
Zurich	11,240	–	11,240	8,914	2,326	26.09%
Lake Geneva region	7,096	–	7,096	6,791	306	4.50%
Espace Mittelland region	3,797	–	3,797	3,389	408	12.03%
Eastern Switzerland	5,030	–	5,030	4,843	187	3.87%
Total Yielding portfolio	**54,132**	**–2,450**	**51,682**	**47,783**	**3,900**	**8.16%**
North-West Switzerland	2,170	–	2,170	2,200	–31	-1.39%
Central Switzerland	59	–	59	58	1	2.49%
Zurich	4,690	–620	4,070	5,634	–1,565	-27.77%
Lake Geneva region	729	–	729	1,270	–540	-42.57%
Espace Mittelland region	3,491	–514	2,977	2,674	303	11.32%
Eastern Switzerland	434	–	434	420	14	3.37%
Total Development portfolio	**11,573**	**–1,135**	**10,438**	**12,256**	**–1,817**	**-14.83%**
Total Portfolio	**65,705**	**–3,585**	**62,120**	**60,038**	**2,082**	**3.47%**

1 The effect from portfolio changes in the first half of 2021 relates to disposals and acquisitions as well as the associated rental income.

Capital expenditure disclosure

Property-related CAPEX in TCHF	30.06.2021	31.12.2020
Acquisitions	**87,628**	9,108
Like-for-like yielding portfolio	**13,025**	37,799
Like-for-like development portfolio	**14,271**	28,601
Capital Expenditure	**114,924**	**75,508**

General Property Details

Yielding portfolio

Property ID	Canton	Municipality	Property	Main use[1]	Market value (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Lettable area (%, sqm)							Full occupancy property income (CHFm)							Effective Area to be developed (sqm)					
																		Residential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Residential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Residential	Residential & Commercial	Industry	Commercial	Office	Total
10201	AG	Kleindöttingen	Industriestrasse 39-41	Industrial		1.5	1.5	100%	65'356	1997/2007	2019	-	3.5	Sole ownership	100%	-	-	-	20%	-	79%	1%	-	18'363	-	0.2	-	1.0	0.0	0.3	1.5	-	-	-	-	-	-
10202	AG	Kleindöttingen	Industriestrasse 14/20/26/30/34/46	Industrial		1.8	1.8	100%	38'314	1971	2012	-	4.2	Sole ownership	100%	-	-	-	14%	-	68%	17%	-	17'006	-	0.4	-	1.5	0.0	-	1.8	-	-	-	-	-	-
10203	AG	Kleindöttingen	Industriestrasse 3, 40-44	Industrial		1.5	1.0	68%	14'517	1971	1999	2008	4.5	Sole ownership	100%	-	-	-	19%	-	74%	7%	-	15'461	-	0.3	-	1.1	0.1	0.0	1.5	-	-	-	-	-	-
10204	AG	Kleindöttingen	Hauptstrasse 70	Industrial		0.3	0.3	98%	6'625	1961	1977	-	4.7	Sole ownership	100%	-	-	-	-	-	83%	17%	-	4'775	-	-	-	0.3	-	-	0.3	-	-	-	-	-	-
10207	AG	Kleindöttingen	Industriestrasse 21	Industrial		0.7	0.6	83%	12'849	1969	1974	-	4.6	Sole ownership	100%	-	-	-	6%	-	48%	39%	6%	11'359	-	0.1	-	0.5	0.1	0.0	0.7	-	-	-	-	-	-
10303	ZH	Niederhasli	Stationstrasse 27-32, Parzelle 3131	Industrial		2.3	2.3	100%	28'122	2021	-	-	3.4	Sole ownership	100%	-	-	-	8%	-	2%	14%	76%	29'982	-	0.5	-	0.1	0.6	0.9	2.3	-	-	-	-	-	-
13401	AG	Klingnau	Weierstrasse 5 / Kanalstrasse 8	Industrial		0.9	0.1	13%	12'984	1965	2008	-	4.7	Sole ownership	100%	-	-	-	10%	-	75%	15%	-	9'015	-	0.1	-	0.8	-	0.0	0.9	-	-	-	-	-	-
13402	AG	Klingnau	Industriestrasse 7	Industrial		0.4	0.3	78%	5'529	1955	-	-	4.6	Sole ownership	100%	-	-	-	4%	-	90%	5%	-	5'914	-	0.0	-	0.4	0.0	0.0	0.4	-	-	-	-	-	-
13403	AG	Klingnau	Industriestrasse 4/10, Brühlstrasse 46-50	Industrial		0.8	0.8	97%	13'009	1955	2008	-	4.5	Sole ownership	100%	-	-	-	3%	-	73%	23%	-	10'428	-	0.1	-	0.7	-	0.0	0.8	-	-	-	-	-	-
13404	AG	Klingnau	Brühlstrasse 33-41	Industrial		0.2	0.2	95%	6'170	1953	1955	-	4.9	Sole ownership	100%	-	-	-	11%	-	43%	46%	-	5'741	-	-	-	0.2	0.0	0.0	0.2	-	-	-	-	-	-
22501	VD	Yverdon	Route de Grandson 48	Industrial		1.7	1.4	84%	19'758	1910	2013	-	3.8	Sole ownership	100%	Yes	-	1%	12%	-	59%	28%	-	20'343	-	0.3	-	1.1	0.3	-	1.7	-	-	-	-	-	-
26101	AG	Bremgarten	Luzernerstrasse 48-50	Industrial		1.6	1.6	100%	20'613	1983	2017	-	3.8	Sole ownership	100%	-	-	-	22%	-	63%	-	-	13'260	-	0.4	-	1.1	-	0.0	1.6	-	-	-	-	-	-
30402	ZH	Aathal	Gstalderstrasse 5	Industrial		0.5	0.5	97%	17'317	1870	1964	1993	4.4	Sole ownership	100%	-	-	-	-	-	-	100%	-	4'753	-	-	-	-	0.4	0.1	0.5	-	-	-	-	-	-
31401	SG	Goldach	Langrütistrasse 19	Industrial		2.9	2.9	100%	63'631	1973/1995	2020	-	3.5	Sole ownership	100%	-	-	-	-	-	100%	-	-	47'594	-	-	-	3.0	-	-	3.0	-	-	-	-	-	-
33101	ZH	Wädenswil	Seestrasse 205/219, Bürglistrasse 43	Industrial		0.9	0.9	100%	11'105	1916	-	-	3.5	Sole ownership	100%	-	-	-	3%	-	67%	30%	-	11'986	-	0.1	-	0.6	0.2	0.0	0.9	-	-	-	-	-	-
35001	GL	Diesbach	Legler Fabrik	Industrial		0.0	0.0	81%	9'890	1910	1996	-	3.8	Sole ownership	100%	-	-	-	-	-	100%	-	-	170	-	-	-	0.0	-	-	0.0	-	-	-	-	-	-
36110	SO	Biberist	MEG Emenkanal, land	Industrial		0.0	0.0	-	-	-	-	-	5.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-
62001	BL	Allschwil	Binningerstrasse 87-89	Industrial		0.4	0.4	100%	1'999	1809	1957	-	3.7	Sole ownership	100%	-	-	11%	16%	-	73%	-	-	2'443	0.1	0.1	-	0.2	-	0.0	0.4	-	-	-	-	-	-
			Total Industrial		323.8	18.4	16.6		347'788															228'593	0.1	2.5	0.0	12.6	1.7	1.5	18.4	,0	,0	,0	,0	,0	,0
10502	TG	Ermatingen	Hauptstrasse 189	Logistics		0.4	0.4	100%	12'257	1994	-	-	4.6	Sole ownership	100%	-	-	-	-	-	-	100%	-	3'301	-	-	-	0.4	-	0.0	0.4	-	1,559	-	-	-	1,559
10601	BL	Füllinsdorf	Wölferstrasse 27/27a	Logistics		0.9	0.8	98%	16'000	1971	1983	2015	3.9	Sole ownership	100%	-	-	-	4%	-	10%	86%	-	13'723	-	0.1	-	0.2	0.6	0.0	0.9	-	-	-	-	-	-
10701	GE	Carouge	Rue Baylon 13-15	Logistics		1.5	1.5	100%	10'871	1970	2003	-	3.9	Building right	100%	-	-	-	10%	-	89%	1%	-	10'749	-	0.2	-	1.2	0.0	0.0	1.5	-	-	-	-	-	-
12801	SG	St. Margrethen	Plot no. 2957	Logistics		0.1	0.1	99%	13'880	-	-	-	2.6	Building right	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-
36104	SO	Biberist	Fabrikstrasse 36-38	Logistics		1.5	1.5	100%	23'000	1991	-	-	3.8	Sole ownership	100%	-	-	-	6%	-	92%	-	2%	3'797	-	-	-	1.5	-	-	1.5	-	-	-	-	-	-
60402	BL	Birsfelden	Langenhagstrasse 6/10/18	Logistics		1.0	1.0	100%	8'383	1960	2006	2017	3.9	Sole ownership	100%	-	-	-	14%	-	82%	5%	-	6'992	-	0.1	-	0.8	0.0	0.0	1.0	-	-	-	-	-	-
69901	AG	Brunegg	Breitackerstrasse 10	Logistics		1.7	1.7	100%	28'142	1993	-	2013	3.6	Sole ownership	100%	-	-	-	1%	-	95%	-	4%	16'342	-	0.0	-	1.6	-	0.1	1.7	-	-	10,785	-	-	10,785
70001	AG	Brunegg	Industriestrasse 1	Logistics		1.4	1.4	100%	15'293	1974	1985	2001	3.8	Sole ownership	100%	-	-	-	12%	-	74%	14%	-	10'635	-	0.2	-	1.1	0.1	0.0	1.4	-	-	-	-	-	-
70501	AG	Buchs	Oberholzstrasse 10	Logistics		2.4	2.4	100%	38'797	2007	-	-	3.5	Sole ownership	0%	-	-	-	-	-	100%	-	-	19'394	-	-	-	2.4	-	-	2.4	-	-	-	-	-	-
			Total Logistics		198.6	10.8	10.8		166'623															84'933	0.0	0.6	0.0	9.1	0.8	0.3	10.8	,0	1,559	10,785	,0	,0	12,344
29001	GE	Meyrin	Route du Nant d'Avril 150, Hive I	Office		2.3	1.5	67%	7'681	1981	2019	-	3.7	Building right	100%	-	-	-	100%	-	-	-	-	8'699	-	2.3	-	-	-	-	2.3	-	-	-	-	-	-
29002	GE	Meyrin	Route du Nant d'Avril 150, Hive II	Office		2.5	2.5	98%	6'821	2017	-	-	3.2	Building right	100%	-	-	-	81%	-	-	19%	-	8'015	-	2.1	-	-	0.0	0.4	2.5	-	-	-	-	-	-
31501	TG	Frauenfeld	Walzmühlestrasse 47	Office		0.2	0.2	100%	2'189	1926	2017	-	3.6	Sole ownership	100%	-	-	-	58%	-	21%	21%	-	1'021	-	0.1	-	0.0	0.0	-	0.2	-	-	-	-	-	-
32106	AG	Windisch	Dorfstrasse 69	Office		0.5	0.5	87%	2'466	1959	-	2008	4.1	Sole ownership	100%	-	-	-	89%	-	-	10%	1%	3'147	-	0.5	-	-	-	-	0.5	-	-	-	-	-	-
34001	AG	Brugg	Wildischachenstrasse 12-14	Office		0.6	0.5	95%	11'080	1960	-	-	4.3	Sole ownership	100%	-	-	-	70%	-	-	7%	23%	4'762	0.0	0.5	-	-	0.0	-	0.6	-	-	-	-	-	-
35002	GL	Diesbach	Hauptstrasse 38-40	Office		0.0	0.0	51%	7'683	1961	1970	-	3.8	Sole ownership	100%	-	-	100%	-	-	-	-	-	200	0.0	-	-	-	-	-	0.0	-	-	-	-	-	-
60401	BL	Birsfelden	Sternenfeldpark 14	Office		1.6	0.9	58%	3'554	2009	-	-	4.7	Sole ownership	100%	-	-	-	58%	-	42%	-	-	10'165	-	0.9	-	0.5	0.2	-	1.6	-	-	-	-	-	-
			Total Office		140.2	7.7	6.1		41'474															36'009	0.0	6.5	0.0	0.5	0.2	0.4	7.7	,0	,0	,0	,0	,0	,0
10104	ZH	Dietikon	Riedstrasse 11	Others		0.0	0.0	100%	930	-	-	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	-	-
10801	BS	Riehen	Plot no. 1700	Others		0.2	0.2	100%	5'485	-	-	-	2.5	Building right	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-
29004	GE	Meyrin	Route du Nant d'Avril 150, Pavillon	Others		0.2	0.2	100%	952	2020	-	-	3.3	Building right	100%	-	-	-	-	-	-	-	100%	682	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-
30501	ZH	Aathal/Wetzikon	Agricultural land / land without use	Others		0.0	0.0	100%	196	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-
32107	AG	Windisch	Kunzareal - Heinrich	Others		0.2	0.1	59%	3'252	1960	-	2017	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-
35004	GL	Diesbach	Power plant	Others		0.7	0.7	100%	-	1996	-	2015	4.6	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.7	-	-	-	-	-	-
36112	SO	Biberist	Power plant	Others		0.3	0.3	100%	-	1984	-	2014	4.4	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	-	-	-	-	-	-

General Property Details

Property ID	Canton	Municipality	Property	Main use[1]	Market value (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Lettable area (%, sqm): Residential	Lettable area: Office	Lettable area: Retail	Lettable area: Industry/Logistics	Lettable area: Storage	Lettable area: Others	Lettable area: Total	Full occupancy property income (CHFm): Residential	Full occupancy income: Office	Full occupancy income: Retail	Full occupancy income: Industry/Logistics	Full occupancy income: Storage	Full occupancy income: Others	Full occupancy income: Total	Effective Area to be developed (sqm): Residential	Effective Area: Residential & Commercial	Effective Area: Industry	Effective Area: Commercial	Effective Area: Office	Effective Area: Total
36204	SO	Biberist	Derendingerstrasse 16 (Plot no. 944, 1172, 1179)	Others		0.0	0.0	-	-	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-
60601	SO	Gempen	Schartenhof	Others		0.0	0.0	100%	2'331	1950	-	2006	2.0	Sole ownership	100%	-	-	100%	-	-	-	-	-	162	0.0	-	-	-	-	0.0	0.0	-	-	-	-	-	-
			Total Others		23.1	1.5	1.4		13'146															844	0.0	0.0	0.0	0.0	0.0	1.5	1.5	,0	,0	,0	,0	,0	,0
18101	ZG	Cham	Lorzenparkstrasse 2-16	Res. mixed		3.2	3.1	97%	13'537	2008	-	-	3.3	Sole ownership	100%	-	-	38%	26%	-	23%	6%	7%	14'812	1.3	1.3	-	0.6	-	-	3.2	-	-	-	-	-	-
30002	ZH	Aathal	Zürichstrasse 50-62/192	Res. mixed		0.2	0.2	100%	6'639	1849	1880	1985	3.9	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'096	0.2	-	-	-	-	0.0	0.2	-	-	-	-	-	-
30601	ZH	Aathal	Zürichstrasse 34	Res. mixed		0.0	0.0	100%	257	1860	-	1990	3.5	Sole ownership	100%	-	-	66%	-	-	34%	-	-	94	0.0	-	-	0.0	-	-	0.0	-	-	-	-	-	-
30603	ZH	Aathal	Zürichstrasse 22-24	Res. mixed		0.1	0.1	99%	3'567	1870	1860	1989	4.1	Sole ownership	100%	-	-	39%	37%	-	-	1%	23%	1'682	0.0	0.1	-	-	0.0	-	0.1	-	-	-	-	-	-
31502	TG	Frauenfeld	Walzmühlestrasse 49	Res. mixed		0.7	0.7	98%	2'043	1922	2017	-	3.3	Sole ownership	100%	-	-	45%	44%	-	-	-	11%	3'451	0.4	0.3	-	-	-	0.0	0.7	-	-	-	-	-	-
13406	AG	Klingnau	Parkstrasse 15-29	Residential		1.2	1.1	88%	13'071	1999	2008	-	3.2	Sole ownership	100%	-	-	91%	-	-	-	-	9%	6'309	1.1	-	-	-	-	0.1	1.2	-	-	-	-	-	-
13407	AG	Klingnau	Parkstrasse 7-13	Residential		0.5	0.4	70%	6'075	1999	2008	-	3.3	Sole ownership	100%	-	-	92%	-	-	-	-	8%	2'911	0.5	-	-	-	-	-	0.5	-	-	-	-	-	-
30001	ZH	Aathal	Zürichstrasse 66-80	Residential		0.3	0.3	99%	7'861	1870	1915	1988	3.3	Sole ownership	100%	-	-	100%	-	-	-	-	-	2'139	0.3	-	-	-	0.0	0.0	0.3	-	-	-	-	-	-
30404	ZH	Aathal	Zürichstrasse 1-7	Residential		0.1	0.1	83%	4'343	1900	-	1995	3.4	Sole ownership	100%	-	-	100%	-	-	-	-	-	729	0.1	-	-	-	-	0.0	0.1	-	-	-	-	-	-
30802	ZH	Wetzikon	Zürcherstrasse 130-132/131-133	Residential		0.1	0.1	98%	-	1839	-	2003	3.4	Sole ownership	100%	-	-	100%	-	-	-	-	-	551	0.1	-	-	-	-	0.0	0.1	-	-	-	-	-	-
30901	ZH	Wetzikon	Grundstrasse 6-10	Residential		0.1	0.1	100%	1'745	1895	-	1990	2.8	Sole ownership	100%	-	-	100%	-	-	-	-	-	433	0.1	-	-	-	-	0.0	0.1	-	-	-	-	-	-
30902	ZH	Wetzikon	Schulhausstrasse 42-44	Residential		0.1	0.1	100%	2'076	1840	-	1982	2.7	Sole ownership	100%	-	-	100%	-	-	-	-	-	500	0.1	-	-	-	-	0.0	0.1	,870	-	-	-	-	,870
30904	ZH	Wetzikon	Usterstrasse 128	Residential		0.2	0.2	100%	1'569	1870	2007	-	2.7	Sole ownership	100%	-	-	98%	-	-	-	-	2%	1'065	0.2	-	-	-	-	0.0	0.2	-	-	-	-	-	-
30905	ZH	Wetzikon	Haldenstrasse 20	Residential		0.3	0.3	100%	1'741	1971	2020	-	2.6	Sole ownership	100%	-	-	100%	-	-	-	-	-	904	0.3	-	-	-	-	-	0.3	-	-	-	-	-	-
30908	ZH	Wetzikon	Weststrasse 26-28	Residential		0.4	0.4	100%	1'908	2020	-	-	2.5	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'510	0.4	-	-	-	-	-	0.4	-	-	-	-	-	-
30909	ZH	Wetzikon	Florastrasse 9	Residential		0.3	0.3	91%	1'899	1990	2018	-	2.7	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'347	0.3	-	-	-	-	0.0	0.3	-	-	-	-	-	-
30910	ZH	Wetzikon	Usterstrasse 88-104	Residential		0.2	0.2	99%	2'073	1791	2018	-	2.6	Sole ownership	100%	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	0.2	-	-	-	-	-	-
32102	AG	Windisch	Spinnereistrasse 10-12/15	Residential		1.3	1.3	98%	5'122	2014	-	-	2.9	Sole ownership	100%	-	-	100%	-	-	-	-	-	5'317	1.3	-	-	-	-	-	1.3	-	-	-	-	-	-
32108	AG	Windisch	Spitzmattstrasse 6	Residential		1.2	1.2	100%	5'115	1960	-	2018	3.2	Sole ownership	100%	-	-	100%	-	-	-	-	-	8'380	1.2	-	-	-	-	-	1.2	-	-	-	-	-	-
36201	SO	Biberist	Herrenweg 1-7	Residential		0.1	0.1	100%	7'500	1920	-	-	2.8	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'732	0.1	-	-	-	-	-	0.1	-	-	-	-	-	-
36202	SO	Biberist	Derendingerstrasse 18-40, Herrenweg 6	Residential		0.2	0.2	99%	16'394	1920	-	-	3.0	Sole ownership	100%	-	-	100%	-	-	-	-	-	2'610	0.2	-	-	-	-	-	0.2	-	-	-	-	-	-
36203	SO	Biberist	Herrenweg 4/8/10	Residential		0.0	0.0	100%	-	1928	-	1992	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	0.0	-	-	-	-	-	-
60101	BS	Basel	Rosentalstrasse 27	Residential		0.2	0.2	100%	574	1938	-	-	2.7	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'121	0.2	-	-	-	-	-	0.2	-	-	-	-	-	-
60301	BL	Birsfelden	Weidenweg 8-10	Residential		0.6	0.6	99%	3'798	1989	-	-	2.9	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'976	0.5	-	-	-	-	0.1	0.6	-	-	-	-	-	-
60302	BL	Birsfelden	Hauptstrasse 84-88	Residential		0.6	0.6	94%	1'787	1989	-	-	3.7	Sole ownership	100%	-	-	28%	24%	19%	11%	18%	-	3'157	0.2	0.2	0.1	0.1	0.0	0.0	0.6	-	-	-	-	-	-
			Total Residential		269.1	12.5	12.0		110'694															63'826	9.5	1.9	0.1	0.6	0.1	0.3	12.5	,870	,0	,0	,0	,0	,870
10101	ZH	Dietikon	Riedstrasse 3	Retail		2.5	1.2	47%	13'690	1982	2002	2007	4.3	Sole ownership	100%	-	-	-	13%	37%	8%	5%	38%	17'003	-	0.3	1.2	0.2	0.1	0.7	2.5	-	-	-	-	-	-
10102	ZH	Dietikon	Riedstrasse 5	Retail		2.2	2.1	96%	13'500	1982	-	1993	3.9	Sole ownership	100%	-	-	-	7%	80%	-	13%	-	9'240	-	0.1	2.0	-	0.0	0.1	2.2	-	-	-	-	-	-
10103	ZH	Dietikon	Riedstrasse 7-9	Retail		0.0	0.0	-	10'543	1982	-	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	16,600	-	16,600
30401	ZH	Aathal	Zürichstrasse 13-25	Retail		2.3	2.0	84%	16'597	1862	2014	-	4.2	Sole ownership	100%	-	-	2%	29%	36%	3%	18%	11%	13'757	0.0	0.5	0.8	0.3	0.4	0.3	2.4	-	-	-	-	-	-
31601	NE	Neuchâtel	Rue du Plan 30	Retail		1.6	1.6	98%	7'978	1963	-	2019	3.9	Sole ownership	100%	-	-	-	19%	36%	42%	-	3%	8'228	-	-	0.7	0.5	-	0.5	1.6	-	-	-	-	-	-
70401	AG	Buchs	Fabrikweg 12	Retail		0.4	0.4	100%	18'211	1988	-	2007	4.0	Building right	100%	-	-	-	39%	-	61%	-	-	4'950	-	0.2	-	0.2	-	-	0.4	-	-	-	-	-	-
			Total Retail		208.7	9.1	7.3		80'519															53'178	0.0	1.1	4.7	1.2	0.6	1.5	9.1	,0	,0	,0	16,600	,0	16,600
				Total Yielding Portfolio	**1'163.5**	**60.0**	**54.2**	**90.3%**	**760'244**															**467'382**	**9.6**	**12.7**	**4.8**	**24.1**	**3.3**	**5.5**	**60.0**	**,870**	**1,559**	**10,785**	**16,600**	**,0**	**29,814**

1 Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use
2 Net site area does not include agricultural land and land without utilisation (total approximately 1.0 million sqm)
3 Second building phase

General Property Details

Development portfolio

Property ID	Canton	Municipality	Property	Main use[1]	Market value[4] (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Lettable area (%, sqm)							Full occupancy property income (CHFm)							Effective Area to be developed (sqm)					
																		Residential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Residential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Residential	Residential & Commercial	Industry	Commercial	Office	Total
10208	AG	Kleindöttingen	Plot no. 420	Others		0.0	0.0	-	43'400	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	31,046	-	-	-	31,046
13405	AG	Klingnau	Schützenmattstrasse 7, Parkstrasse 14	Industrial		0.3	0.3	91%	11'035	1949	1961	-	2.0	Sole ownership	100%	-	-	-	7%	-	43%	51%	-	5'526	-	0.0	-	0.2	0.0	0.0	0.3	-	6,621	-	-	-	6,621
13408	AG	Klingnau	Weierstrasse 8	Others		0.0	0.0	-	2'144	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	,920	-	-	-	,920
32105	AG	Windisch	Kunzareal - Zentrum West	Industrial		0.1	0.0	80%	2'481	1827	1890	-	3.3	Sole ownership	100%	-	-	-	100%	-	-	-	-	304	-	-	-	-	-	0.1	0.1	-	1,564	-	-	-	1,564
34002	AG	Brugg	Wildischachenstrasse 16	Industrial		1.4	1.0	71%	33'505	1960	-	-	4.6	Sole ownership	100%	-	-	-	5%	-	82%	12%	1%	16'897	-	-	-	1.4	-	-	1.4	-	-	-	24,154	-	24,154
40101	AG	Menziken	Hauptstrasse 85	Others		0.0	0.0	-	10'717	1911	-	-	3.4	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	9,600	-	-	-	9,600
72001	AG	Hausen/Lupfig	Hauptstrasse 96 / Hauptstrasse 98-100	Others		0.0	0.0	100%	64'258	-	-	-	2.0	Sole ownership	100%	Yes	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	0.0	-	-	32,173	-	-	32,173
61101	BL	Aesch	Industriestrasse 45-61	Industrial		0.8	0.8	99%	35'932	1900	1940	-	4.4	Sole ownership	100%	-	-	10%	5%	-	81%	-	3%	14'816	0.1	0.0	-	0.7	0.0	0.0	0.8	-	-	-	9,180	-	9,180
63001	BL	Pratteln	Güterstrasse 23-29, Gempenstrasse 6/6a	Others		0.0	0.0	-	31'585	1949	2002	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	44,650	-	-	-	44,650
			Total North-West Switzerland		98.7	2.6	2.2		235'057																							,0	94,401	32,173	33,334	,0	159,908
18103	ZG	Cham	Plot no. 3165 Yielding stage 1	Others		0.1	0.1	79%	11'535	-	-	-	2.9	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	11,188	-	-	-	11,188
18105	ZG	Cham	Plot no. 3165 Promotion stage 1	Others		0.0	0.0	-	2'363	-	-	-	0.0	Promotion project	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		5,474	-	-	-	-	5,474
18104	ZG	Cham	Plot no. 3165 Yielding stage 2	Others		0.0	0.0	-	12'333	-	-	-	3.1	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	12,800	-	-	-	12,800
			Total Central Switzerland		89.1	0.1	0.1		26'231																							5,474	23,988	,0	,0	,0	29,462
10301	ZH	Niederhasli	Mandachstrasse 50-56	Office		3.2	2.0	62%	10'918	1992	2007	-	4.5	Sole ownership	100%	-	-	-	41%	24%	22%	12%	-	19'187	-	1.2	0.8	0.7	0.2	0.2	3.2	-	6,400	-	-	-	6,400
10302	ZH	Niederhasli	Stationstrasse 25	Industrial		0.7	0.7	93%	16'691	1991	-	-	3.1	Sole ownership	100%	-	-	-	-	-	100%	-	-	7'883	-	-	-	0.7	-	-	0.7	-	16,217	-	-	-	16,217
10901	ZH	Altstetten	Freihofstrasse 25	Industrial		0.5	0.5	100%	7'807	1953/1962	-	-	2.6	Sole ownership	100%	-	-	-	-	-	65%	-	35%	9'640	-	-	-	0.6	-	-	0.6	-	13,162	-	-	-	13,162
30201	ZH	Aathal	Zürichstrasse 27/33-39, Gstalderstrasse 4	Residential		0.1	0.1	99%	23'938	1850	1870	1990	3.8	Sole ownership	100%	-	-	51%	6%	-	42%	-	-	1'263	0.1	-	-	-	-	-	0.1	1,242	,0	-	6,270	-	7,512
30602	ZH	Aathal	Chälenweg 1/11/164, Aretsh. 1-7/11-21/158	Residential		0.2	0.2	99%	10'069	1440	-	1988	3.7	Sole ownership	100%	-	-	52%	1%	-	32%	15%	-	2'102	0.1	0.0	-	0.0	-	-	0.2	-	-	-	-	-	-
30801	ZH	Wetzikon	Usterstr. 200-202/206, Zürichstr. 119-121	Industrial		0.3	0.3	84%	14'653	1872	1900	1993	4.2	Sole ownership	100%	-	-	10%	8%	22%	59%	-	-	7'890	0.1	0.0	-	0.2	-	-	0.3	-	6,800	-	-	-	6,800
30906	ZH	Wetzikon	Schönaustrasse 5-13	Residential		0.2	0.2	98%	17'055	-	-	1943	3.4	Sole ownership	100%	-	-	14%	-	-	59%	27%	-	5'362	0.1	-	-	0.1	0.0	0.0	0.2	7,510	-	-	-	-	7,510
30907	ZH	Wetzikon	Schönaustrasse 9	Others		0.1	0.1	100%	8'267	-	-	-	2.8	Sole ownership	100%	-	-	73%	-	-	27%	-	-	221	0.1	-	-	-	-	-	0.1	7,500	-	-	-	-	7,500
31201	ZH	Winterthur	St. Gallerstrasse 172	Industrial		0.2	0.2	100%	5'838	1908/1925	-	-	3.6	Sole ownership	100%	-	-	-	-	-	100%	-	-	3'832	-	-	-	0.2	-	-	0.2	-	-	-	10,300	-	10,300
31301	ZH	Winterthur	Technoramastrasse 15	Industrial		0.5	0.5	100%	10'454	1956/1998/2020	1957/1999	-	3.4	Sole ownership	100%	-	-	-	-	-	100%	-	-	6'162	-	-	-	0.5	-	-	0.5	-	-	-	9,000	-	9,000
			Total Zurich		171.1	6.0	4.7		125'690																							16,252	42,579	,0	25,570	,0	84,401
22201	GE	Vernier	Chemin de la Verseuse 1-3	Others		0.0	0.0	-	4'507	1964	-	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	8,254	-	8,254
22301	GE	Lancy	Route des Jeunes 20-26	Industrial		0.5	0.5	100%	13'362	1960	-	-	3.9	Building right	100%	-	-	-	-	-	100%	-	-	4'289	-	-	-	0.5	-	-	0.5	-	-	-	60,312	-	60,312
29005	GE	Meyrin	Route du Nant d'Avril 150, LEM	Industrial		0.0	0.0	-	5'540	-	-	-	3.2	Building right	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	7,345	7,345
29101	GE	Meyrin	Chemin du Grand-Puits 28	Industrial		0.0	0.0	-	10'383	1965	-	-	3.9	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	15,592	-	15,592
29003	GE	Meyrin	Route du Nant d'Avril 150	Others		0.0	0.0	-	21'972	-	-	-	2	Building right	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	25,779	25,779
22101	VD	Aigle	Route Industrielle 18	Industrial		0.2	0.0	0%	11'410	1991	-	2014	4	Sole ownership	100%	-	-	-	8%	-	92%	-	-	1'836	-	-	-	0.2	-	-	0.2	-	-	-	2,298	-	2,298
22701	VD	Bussigny	Chemin de Mochettaz 101	Others		0.0	0.0	-	22'319	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	26,125	-	-	26,125
20101	VS	St-Maurice	Bois-Noir	Industrial		0.2	0.2	100%	33'281	1960	1970	-	2.0	Sole ownership	100%	-	-	1%	2%	-	2%	95%	-	12'493	-	-	-	-	0.2	0.0	0.2	-	-	-	22,500	-	22,500
			Total Lake Geneva region		138.0	0.9	0.7		122'774																							,0	,0	26,125	108,956	33,124	168,205
31701	SO	Dornach	Weidenstrasse 50	Industrial		1.1	1.1	100%	136'685	1895	-	-	4.3	Sole ownership	100%	-	-	-	-	-	100%	-	-	7'458	-	-	-	1.2	-	-	1.2	-	97,051	-	-	-	97,051
36101	SO	Biberist	Fabrikstrasse 2-8	Office		0.3	0.1	48%	22'524	1937	-	-	4.8	Sole ownership	100%	-	-	-	83%	-	-	17%	-	2'802	-	0.3	-	-	-	-	0.3	-	11,392	-	1,888	-	13,280
36102	SO	Biberist	Fabrikstrasse 14-34	Industrial		0.0	0.0	-	44'000	1972	1990	-	5.5	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	45,954	-	-	45,954
36103	SO	Biberist	Fabrikstrasse 57-115	Industrial		0.7	0.7	100%	40'000	1946	1991	-	4.1	Sole ownership	100%	-	-	-	-	-	100%	-	-	4'601	-	-	-	0.7	0.0	-	0.7	-	-	-	12,620	-	12,620
36105	SO	Biberist	Fabrikstrasse 1-29	Industrial		0.3	0.3	100%	19'000	1932	1947	-	5.0	Sole ownership	100%	-	-	-	-	-	100%	-	-	3'000	-	-	-	0.4	-	-	0.4	-	-	-	-	-	-
36106	SO	Biberist	Fabrikstrasse 3-35	Industrial		0.0	0.0	100%	28'869	1903	1939	-	5.4	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	42,120	-	-	42,120
36107	SO	Biberist	Fabrikstrasse 31-85	Industrial		0.0	0.0	100%	16'000	1946	-	-	5.4	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	22,610	-	-	-	-	22,610
36108	SO	Biberist	Fabrikstrasse Insel	Industrial		0.6	0.6	100%	60'400	1991	-	-	4.9	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.6	-	-	-	17,700	-	17,700
36109	SO	Biberist	Derendingerstrasse 27-29	Others		0.0	0.0	-	44'183	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-
36501	SO	Solothurn	Muttenstrasse 13-18	Industrial		0.6	0.5	92%	29'459	1966/1989/2001			3.3	Sole ownership	100%	-	-	-	5%	19%	17%	56%	3%	13'138	-	0.0	0.2	0.2	0.2	0.0	0.6	16,500	-	-	-	-	16,500
31602	NE	Neuchâtel	Plot no. 10729	Others		0.0	0.0	-	3'419	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,406	-	-	-	-	5,406

General Property Details

Property ID	Canton	Municipality	Property	Main use[1]	Market value[4] (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Lettable area (%, sqm) Residential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Full occupancy property income (CHFm) Residential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Effective Area to be developed (sqm) Residential	Residential & Commercial	Industry	Commercial	Office	Total
			Total Espace Mittelland region		107.4	3.6	3.5		444'539																							44,516	108,443	88,074	32,208	,0	273,241
10501	TG	Ermatingen	Hauptstrasse 181/185	Logistics		0.4	0.4	100%	12'125	1968	1997	-	3.0	Sole ownership	100%	-	-	-	13%	3%	84%	-	-	6'485	-	0.0	0.0	0.3	-	0.0	0.4	-	-	-	6,500	-	6,500
31503	TG	Frauenfeld	Walzmühlestrasse 51	Res. mixed		0.0	0.0	100%	10'863	1832	2017	-	2.9	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	4,417	-	-	-	4,417
31504	TG	Frauenfeld	Walzmühlestrasse Parking	Others		0.0	0.0	100%	3'340	-	-	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	,550	-	,550
			Total Eastern Switzerland		12.8	0.4	0.4		26'328																							,0	4,417	,0	7,050	,0	11,467
			Total Developpement Portfolio		617.1	13.7	11.5	84.2%	980'619																							66,242	273,828	146,372	207,118	33,124	726,684

1 **Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use.**

2 **Net site area does not include agricultural land and land without utilisation (total approximately 1.0 million sqm).**

3 **Second building phase.**

4 **Except for promotion project that are recorded at cost. As at 30 June 2021, the property 18105 is recorded at cost.**

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Audited Consolidated Financial Statements of HIAG
as of and for the year ended 31 December 2020

Consolidated Financial Statements

Consolidated Balance Sheet

in TCHF		31.12.2020	31.12.2019
Cash and cash equivalents		19,706	23,933
Trade receivables	1	3,393	5,335
Other current receivables from shareholders		–	12
Other current receivables	2	8,214	9,259
Inventory	3	501	420
Other current financial assets	8.3	718	513
Properties for sale	5	29,427	8,633
Prepayments and accrued income	7	4,918	5,227
Current assets		**66,877**	**53,332**
Other non-current receivables	4	4,002	3,554
Investment properties	5	1,608,417	1,563,043
Other property, plant and equipment	6	2,110	1,034
Financial assets	8.1	7,642	5,348
Financial assets from shareholders	8.2	2,330	2,330
Non-current assets		**1,624,501**	**1,575,309**
Total assets		**1,691,378**	**1,628,641**

Consolidated Financial Statements

Consolidated Balance Sheet

in TCHF		31.12.2020	31.12.2019
Current financial liabilities	11	139,257	7,902
Trade payables		3,227	4,306
Other current liabilities	9	5,965	7,357
Current provisions	10	13,024	30,660
Tax liabilities		1,715	315
Accrued liabilities and deferred income	12	16,396	13,229
Current liabilities		179,584	**63,770**
Non-current financial liabilities	11	677,429	823,397
Non-current provisions	10	112	660
Deferred taxes	13	73,131	68,728
Non-current liabilities		750,672	**892,785**
Total liabilities		930,256	**956,555**
Share capital	31	8,433	8,050
Capital reserves		39,947	7,884
Treasury shares	33	–5,211	–6,081
Retained earnings		717,953	662,232
Shareholders' equity		761,122	**672,085**
Total liabilities and shareholders' equity		1,691,378	1,628,641

Consolidated Income Statement

in TCHF		2020	Restated 2019[1]
Property income	15	**59,738**	61,359
Revaluation of properties	16	**27,002**	–16,803
Income from sale of promotion projects		**10,560**	1,430
Profit from sale of properties		**4,905**	64
Cloud Services income	17	**93**	630
Other operating income	18	**12,438**	7,008
Total operating income		**114,736**	**53,688**
Direct expenses from sales of promotion projects	17	**–9,133**	–1,231
Cost of materials	19	**–3,097**	–2,045
Personnel expenses	14, 20, 21	**–16,479**	–14,633
Maintenance and repairs	22	**242**	–40,590
Insurance and fees		**–1,649**	–1,161
Energy costs and building maintenance	23	**–4,360**	–1,912
General operating expenses		**–467**	–451
Office, administrative and development expenses	24	**–7,121**	–27,278
Marketing and selling expenses		**–743**	–857
Rent and leases	25	**–1,675**	–1,940
Total operating expenses		**–44,481**	**–92,098**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**70,254**	**–38,410**
Amortisation	26	**–396**	–40,536
Earnings before interest and taxes (EBIT)		**69,859**	**–78,946**
Financial income	27	**968**	1,178
Financial expenses	28	**–9,560**	–8,686
Earnings before taxes (EBT)		**61,266**	**–86,454**
Taxes	29	**–6,107**	15,093
Net income for the period incl. minority interests		**55,159**	**–71,361**
Minority interests		**–**	–613
Net income for the period excl. minority interests		**55,159**	**–70,749**
Undiluted earnings per share (in CHF)	31	**6.82**	–8.85
Diluted earnings per share (in CHF)	31	**6.82**	–8.85

1 **Restated due to changes in accounting policies (restatement presentation without impact on net profit), see note 15**

Consolidated Cash Flow Statement

in TCHF	2020	Restated 2019[1]
Net income for the period	55,159	–71,361
Increase valuation of properties (net)	–27,002	18,883
Amortisation	396	40,536
Impairment of other assets	–	5,136
Impairment of financial assets	1,550	843
Income from sale of assets	–5,090	–231
Proceeds from the sale of properties	–4,905	–
Share-based payments	562	2,572
Increase / decrease in trade receivables	–457	–1,854
Increase / decrease in trade payables	167	626
Increase / decrease other current receivables	–718	–1,811
Increase / decrease promotion projects	6,126	1,668
Increase / decrease inventory	–82	–23
Increase / decrease other non-current receivables	–448	–
Increase / decrease other liabilities	–18,163	24,611
Increase / decrease capitalised employer contribution reserve	–	365
Increase / decrease in prepayments and accrued income	–55	2,942
Increase / decrease in accrued liabilities and deferred income	5,155	–3,091
Increase / decrease in non-current provisions	–13	560
Increase / decrease in deferred taxes	4,403	–15,186
Increase / decrease in capitalised tax losses carried forward	–205	–193
Capitalised services	17	65
Cash flow from operating activities	**16,397**	**5,057**
Purchase of investment properties	–73,351	–87,322
Acquisition of consolidated companies	–	–19,341
Purchase of financial assets	–	–1,575
Purchase of other property, plant and equipment	–1,050	–817
Proceeds from disposal of properties	32,190	102
Proceeds from disposal of other property, plant and equipment	6,747	231
Sale of shares, participations	–3,844	–5,549
Payments for investments in financial assets	–	2,705
Cash flow from investment activities	**–39,308**	**-111,566**

Consolidated Cash Flow Statement

in TCHF	2020	Restated 2019[1]
Acquisition of financial liabilities	75,209	69,693
Amortisation and repayment of financial liabilities	–89,824	–90,562
Capital increase	32,692	–
Bond issuance	–	149,781
Acquisition of treasury shares	–	–1,732
Disposal of treasury shares	624	–13
Distribution from capital reserves / retained earnings to shareholders	–	–31,191
Cash flow from financing activities	**18,701**	**95,976**
Effects from foreign exchange	–17	–65
Increase / decrease in cash and cash equivalents	**–4,227**	**-10,598**
Cash and cash equivalents at 1 January	23,933	34,531
Cash and cash equivalents at 31 December	19,706	23,933
Increase / decrease in cash and cash equivalents	**–4,227**	**-10,598**

[1] The changes from promotion projects in 2019 were reclassified from "cash flow from investing activities" to "cash flow from operating activities". The "Cash flow from operating activities" in 2019 was TCHF 3,117 and the "Cash flow from investing activities" TCHF -109,626. This adjustment has no impact on the change in cash and cash equivalents

The current year acquisition of non-real-estate fixed assets and production facilities from the former tenant of the Pratteln site for TCHF 2,400 was offset against outstanding rent receivables and thus represents a non-cash investment transaction.

In the reporting year, a non-cash transfer of TCHF 26,920 was made from the position "Investment properties" to the position "Properties for sale" in the line “Increase / decrease promotion projects”.

The result "Cash flow from operating activities" includes the sales from promotion projects. Excluding the changes from promotion projects, the result is TCHF 10,270 (previous year TCHF 3,389).

Statement of Shareholders' Equity

in TCHF	Share capital[1]	Treasury shares[2]	Capital reserves[3]	Retained earnings	Total excl. minority interests	Minority interests[4]	Total excl. minority interests
Shareholders' equity at 01.01.2019	**8,050**	**21,733**	**–6,920**	**762,000**	**784,863**	**–1,800**	**783,063**
Share-based compensation programmes[6]	–	–	–	–1,110	–1,110	–	–1,100
Dividend payment	–	–13,836	–	–17,355	–31,191	–	–31,191
Purchase of treasury shares	–	–	–1,733	–	–1,733	–	–1,733
Sale/allocation of treasury shares	–	–13	2,572	–	2,559	–	2,559
Goodwill[5]	–	–	–	–6,562	–6,562	–	–6,562
Acquisition of 100% of Group companies with minorities	–	–	–	–3,992	–3,992	2,413	–1,579
Net income for the period	–	–	–	–70,749	–70,749	–613	–71,361
Shareholders' equity at 31.12.2019	**8,050**	**7,884**	**–6,081**	**662,232**	**672,085**	**–**	**672,085**
Shareholders' equity at 01.01.2020	**8,050**	**7,884**	**–6,081**	**662,232**	**672,085**	**–**	**672,085**
Share-based compensation programmes[6]	–	–	–	562	562	–	562
Sale/allocation of treasury shares		–246	870		624		624
Capital increase[7]	383	32,309	–	–	32,692	–	32,692
Net income for the period	–	–	–	55,159	55,159	–	55,159
Shareholders' equity at 31.12.2020	**8,433**	**39,947**	**–5,211**	**717,953**	**761,122**	**–**	**761,122**

1 On 31 December 2020 share capital consisted of 8,433,000 registered shares at a nominal value of CHF 1 per share (2019: 8,050,000 registered shares at a nominal value of CHF 1.00 per share).
2 The non-distributable legal reserves came to TCHF 1,610 (2019: TCHF 1,610).
3 As at 31 December 2020, the company held 42,942 of its own shares (2019: 49,915 shares). No shares in HIAG Immobilien Holding AG were purchased by the company during the reporting year. 6'973 shares were allocated or sold to employees. Since the sale and allocation were made with the deduction of the employee discount permitted for tax purposes, a loss of TCHF 246 was realised on this sale and booked against the statutory capital reserves.
4 As per 01.01.2019, the minority interests comprised 5% in the company HIAG Data AG and 14% in the Société coopérative en faveur du développement des terrains industriels de la Praille-Sud. In the first half of 2019, the 5% of HIAG Data AG was purchased by HIAG Immobilien Holding AG. Likewise, the shares in Société coopérative en faveur du développement des terrains industriels de la Praille-Sud amount to 100% following the acquisition of Jaeger et Bosshard SA. Thus, there are no minority interests as at 31 December 2019.
5 Goodwill arose on the acquisition of the subsidiary Jaeger et Bosshard SA in May 2019. Goodwill is offset against retained earnings on the date of acquisition of a company.
6 See note 21 of the notes to the consolidated financial statements.
7 On 27 October 2020 HIAG placed 383,000 registered shares with a nominal value of CHF 1.00 each in a private placement. The placement price per share amounted to CHF 86.00. The resulting transaction costs of TCHF 246 were recognized as a reduction in capital reserves.

Notes to the Consolidated Financial Statements

Segment reporting

The main business activities of the Group include management of the yielding properties and redevelopment activities. Consequently, reporting is broken down according to the segments “Yielding portfolio” and “Redevelopment portfolio”.

On 13 August 2019, the Board of Directors decided to continue the Cloud Services segment on a non-operational basis with the exception of the leasing activities of the existing infrastructure. For reasons of transparency, this segment is still reported separately. For the Cloud Services segment, the item Maintenance and repairs comprises the operating costs for data centres. The item Rent and leases includes rent for office space in Wallisellen.

The ancillary activities in the area of employee benefits and personnel services are reported in the segment “Other”. All central functions such as the Executive Board and Finance as well as the expenses in connection with the Board of Directors are also shown here. General corporate expenses such as auditing costs, capital taxes, etc. are also reported in the “Other” segment. The activities from the metal recycling business of Jaeger et Bosshard SA, which was acquired in the 2019 financial year, are also included in this segment. Intersegment eliminations for transactions within segments are shown separately.

As the HIAG Group is active exclusively in Switzerland, no geographical segment information is provided.

Segments 1 January 2020 to 31 December 2020

in TCHF	Yielding portfolio	Redevelopment portfolio	Cloud Services	Others	Intersegment elimination	Group
Property income	49,104	10,883	–	–	–250	59,738
Revaluation of properties	9,756	17,246	–	–	–	27,002
Income from sale of promotion projects	–	10,560	–	–	–	10,560
Profit from sale of properties	4,905	–	–	–	–	4,905
Cloud services income	–	–	93	–	–	93
Other operating income	1,222	5,221	6	7,090	–1,101	12,438
Total operating income	**64,987**	**43,910**	**100**	**7,090**	**–1,351**	**114,736**
Direct expenses from sales of promotion projects	–	–9,133	–	–	–	–9,133
Cost of materials	–	–	–	–3,097	–	–3,097
Personnel expenses	–3,002	–6,695	–1,940	–4,842	–	–16,479
Maintenance and repairs	–3,729	5,186	–829	–386	–	242
Insurance and fees	–658	–590	–6	–395	–	–1,649
Energy costs and building maintenance	–1,181	–3,126	–	–52	–	–4,360
General operating expenses	–153	–84	–	–230	–	–467
Office, administrative and development expenses	–2,025	–1,557	–504	–3,875	839	–7,121
Marketing expenses	–430	–47	–23	–242	–	–743
Rent and leases	–1,021	–549	–232	–384	512	–1,675
Total operating expenses	**–12,199**	**–16,596**	**–3,535**	**–13,503**	**1,351**	**–44,481**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**52,788**	**27,315**	**–3,435**	**–6,413**	**–**	**70,254**
EBITDA before revaluation of properties	**43,032**	**10,069**	**–3,435**	**–6,413**	**–**	**43,252**

The "Redevelopment portfolio" segment was affected in 2019 and 2020 by the deconstruction and redevelopment of the Pratteln site to make it chemical-free.
The EBITDA contribution of the Pratteln site amounted to TCHF 6,549 at the end of December 2020 (2019: TCHF -29,242). This affects the following items as of the balance sheet date: "Other operating income" TCHF 5,011 (2019: TCHF 23), "Maintenance and repairs" TCHF 6,989 (2019: TCHF -31,287), "Energy expenses and building maintenance" TCHF -2,497 (2019: TCHF -430) and "Personnel expenses" TCHF -2,791 (2019: TCHF -669).

The position «Other operating income» in the "Redevelopment portfolio" segment totalling TCHF 5,221 includes the income from the sale of the complete production plant including building and the sale of other movable tangible assets of the Pratteln site amounting to TCHF 5,011.

In the reporting year, the "Maintenance and repairs" item in the «Redevelopment portfolio» segment resulted in income of TCHF 5,186. With operational measures and the sale of a complete production plant including building, HIAG was able to significantly reduce the total expenses for the deconstruction of the Rohner site in Pratteln compared to the original expectations. As a result, a total of TCHF 8,000 of the estimated provisions were released in the reporting year.

Restated Segments 1 January 2019 to 31 December 2019[1]

in TCHF	Yielding portfolio	Redevelopment portfolio	Cloud Services	Others	Intersegment elimination	Group
Property income	51,118	10,293	–	–	–52	61,359
Revaluation of properties	–2,882	–13,922	–	–	–	–16,803
Income from sale of promotion projects	–	1,430	–	–	–	1,430
Profit from sale of properties	64	–	–	–	–	64
Cloud services income	–	–	630	–	–	630
Other operating income	294	1,107	142	6,126	–660	7,008
Total operating income	**48,594**	**–1,092**	**772**	**6,126**	**–712**	**53,688**
Direct expenses from sales promotion projects	–	–1,231	–	–	–	–1,231
Cost of materials	–	–	–	–2,045	–	–2,045
Personnel expenses	–3,783	–3,849	–4,186	–2,815	–	–14,633
Maintenance and repairs	–4,328	–32,076	–3,979	–207	–	–40,590
Insurance and fees	–698	–398	–6	–255	196	–1,161
Energy costs and building maintenance	–791	–1,088	–	–32	–	–1,912
General operating expenses	–84	–85	–	–281	–	–451
Office, administrative and development expenses	–2,221	–1,295	–21,311	–2,690	240	–27,278
Marketing expenses	–351	–47	–146	–313	–	–857
Rent and leases	–853	–623	–559	–182	276	–1,940
Total operating expenses	**–13,110**	**–40,692**	**–30,187**	**–8,821**	**712**	**–92,098**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**35,485**	**–41,784**	**–29,415**	**–2,696**	**–**	**–38,410**
EBITDA before revaluation of properties	**38,367**	**–27,863**	**–29,415**	**–2,696**	**–**	**–21,607**

1 Restated due to changes in accounting policies (restatement presentation without impact on net profit), see note 15

The "Redevelopment portfolio" segment was affected by the bankruptcy of Rohner AG, Pratteln, in the 2019 business year. In 2019, HIAG decided to start the deconstruction and redevelopment of the site to make it chemical-free. In particular, the change in value from the revaluation of real estate assets and the operating expenses totalling TCHF 53,200 are affected in the 2019 business year. The change in value in Pratteln amounted to TCHF -20,400 as of 31 December 2019. In 2019, HIAG took over former employees of Rohner AG, Pratteln (TCHF 700) in connection with the deconstruction and redevelopment of the site, and since the bankruptcy, HIAG has borne the total site costs of TCHF 2,100 for the period from July to December 2019. Provisions of TCHF 30,000 were created in 2019 for the deconstruction and redevelopment of the site, which are included in the position «Maintenance and repairs».

Accounting principles

The Consolidated Financial Statements of HIAG Immobilien Holding AG were prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER), and the special provisions for real estate companies stipulated under Article 17 of the SIX Swiss Exchange»s Directive on Financial Reporting, and present a true and fair view of its net assets, financial position and results of operations. The comprehensive Swiss GAAP FER rules were applied.

The Consolidated Financial Statements are based on the individual financial statements of the HIAG Immobilien Group companies, which were prepared and audited in accordance with uniform guidelines. The relevant accounting standards are explained below. The Consolidated Financial Statements are presented in Swiss francs (CHF). All figures are presented in thousands of Swiss francs (TCHF) unless indicated otherwise.

The Consolidated Annual Financial Statements are available in German and English. Should there be any linguistic discrepancies, the German version shall prevail.

Scope of consolidation

The Consolidated Financial Statements comprise all subsidiaries of HIAG Immobilien Holding AG in which the company directly or indirectly holds more than 50% in the form of voting rights or share capital. Full consolidation is applied, which means that 100% of the assets, liabilities, expenses and income of the companies to be consolidated are assumed and all intercompany items are eliminated. Minority interests in equity and net earnings are disclosed separately in the balance sheet and the income statement. Changes in ownership interests in subsidiaries are recorded as equity transactions, provided that control continues.

Associated companies, in which HIAG Immobilien Holding AG holds direct or indirect participations of 20% to 50% of voting rights or share capital are consolidated according to the equity method. Participations below 20% are not consolidated and are included in the Consolidated Balance Sheet under Financial assets at acquisition cost minus any operationally necessary value adjustment.

The balance sheet date for all companies is 31 December.

Company	Share capital in TCHF	Stake 2020[1] in %	Stake 2019[1] in %	Location
HIAG Immobilien Schweiz AG	11,000	100	100	Baar
HIAG AG	150	100	100	Basel
HIAG Immobilien AG	5,000	100	100	St. Margrethen
HIAG Immobilier Léman SA	1,000	100	100	Aigle
Léger SA	400	100	100	Lancy
Weeba SA	100	100	100	Lancy
Pellarin-Transports SA	50	100	100	Lancy
Promo-Praille SA	200	100	100	Lancy
Jaeger et Bosshard SA	1,175	100	100	Lancy
Société coopérative en faveur du développement des terrains industriels de la Praille-Sud	35	100	100	Lancy
HIAG Data AG	10,000	100	100	Zürich
Trans Fiber Systems SA	107	100	100	Menziken
HIAG Real Estate AG[2]	400	100	100	Zürich
HIAG Labs AG[3]	100	100	100	Zürich

1 Voting rights and share capital
2 CIS Operations AG was renamed into HIAG Real Estate AG in the reporting year.
3 Marbell AG was renamed into HIAG Labs AG in the reporting year.

HIAG AG renders services in the areas of employee pension funds and human resources.

HIAG Data AG and HIAG Real Estate AG together with HIAG Labs AG form the Cloud Services segment for the financial years 2019 and 2020. HIAG Labs AG provides services relating to third-party financing. HIAG Real Estate AG will be a real estate company in line with HIAG»s strategy from January 1, 2021.

Jaeger et Bosshard SA specialises in metal recycling. In addition to this business, the company also holds a share of the site "Porte Sud" site in Lancy, Geneva. The former owner of the company is operating the metal recycling business on behalf of HIAG.

All other companies are real estate companies within the scope of HIAG's strategy with the purposes of maintaining, developing and selling properties.

Consolidation method

Capital consolidation is based on the purchase method, in which the acquisition costsof an acquired company are offset against the net assets, which are measured at the time of acquisition in accordance with Group-wide accounting standards. The difference rising from the purchase price and the newly valued net assets of the acquired company is termed goodwill or badwill. Goodwill is recognised as retained earnings with no effect on profit and loss. Any badwill is charged to the retained earnings or recorded as provisions. The initial consolidation takes effect with the transfer of control of the acquired companies.

Translation of foreign currencies

All the companies within the HIAG Group scope of consolidation use the Swiss franc as their functional currency. Consequently, there are no foreign currency translation effects.

Significant accounting and valuation policies

General information

HIAG Immobilien Holding AG's Consolidated Financial Statements are prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER).

Due to rounding to the nearest thousand CHF, rounding differences may occur in the addition and subtraction of individual positions compared with the reported position totals.

Cash and cash equivalents

"Cash and cash equivalents" comprise cash in hand, postal check account deposits and demand deposits with banks and money market instruments with a term of less than three months. They are stated at their nominal value. Cash and cash equivalents held in-foreign currency are translated at the year-end conversion rate.

Trade receivables and other current receivables

"Trade receivables" and "Other current receivables" are reported at their realisable value. Receivables that are considered to be potential bad debts are reported at nominal value minus the necessary value adjustments.

Investment properties

The portfolio is broken down into the following categories:

- Undeveloped lands
- Properties
- Properties currently under development
- Properties for sale

General

All investment properties were measured at fair value on the basis of the discounted cash flow method (DCF) in accordance with Swiss GAAP FER 18. The residual value method is used to ascertain the fair value of undeveloped properties. The current values are assessed and updated every six months by an independent expert. The properties are inspected at least every three years. No scheduled depreciation is carried out. Increases and decreases in value are reported under 'Revaluation of properties'. The expected additional expenses linked to environmental risks are assessed by an independent environmental expert based on historical and technical investigations, and subtracted from the fair value of the properties. Interest on construction loans is capitalised. Other borrowing costs are recorded as financing costs. The portfolio does not include any properties used by HIAG itself.

Properties
Properties are broken down into "Yielding properties" and "Redevelopment properties". "Yielding properties" are those properties for which no development is planned. 'Redevelopment properties' describes properties that are to undergo development in the medium term and/or for which development planning is currently under way. Properties are carried at fair value.

Properties currently under development
Properties that are under development at the time the balance sheet is drawn up are grouped under the item "Properties currently under development". They are reported as "Properties currently under development" from the time the initial work is contracted until the development project is completed and/or is ready for occupation.

Properties for sale
"Properties for sale" may include residential projects that are developed and marketed as condominiums (promotional projects). They also include non-strategic properties that are offered for sale. Properties for sale are reported under current assets. The promotion projects are valued at acquisition or production cost. The last market value at the time of reclassification represents the acquisition value of the properties. No further revaluation takes place until the property is sold. If the expected sales price is lower than the acquisition or production costs, a value adjustment is made. The non-strategic properties for sale are valued at current market values less selling costs and are only reported as properties for sale if a purchase agreement is available for notarisation.

Other property, plant and equipment and intangible fixed assets
Other tangible fixed assets include office equipment, machinery and vehicles and the fixed assets of Jaeger et Bosshard SA. "Intangible assets" mainly comprise the acquired and internally provided services in connection with the cloud infrastructure of HIAG Data.
"Other fixed assets" and "Intangible assets" are stated at cost less depreciation and possible impairment.
Depreciation and amortisation is calculated using the straight-line method. The depreciation period for office equipment three to ten years, for the equipment of Jaeger et Bosshard SA five to fifteen years and for intangible assets three to five years. If it is foreseeable that the economic useful life of individual assets will be shorter than their planned useful life, increased depreciation is applied.
Leased assets are depreciated over the term of the lease.

Financial assets and financial assets from shareholders
This position includes employer contribution reserves, long-term loans, securities at listed market prices as of the balance sheet reporting date, capitalised tax losses carried forward, participations that were incorporated using the equity method and other non-current receivables that are recorded in the balance sheet at nominal value.

Financial assets from related parties
This position includes employer contribution reserves, long-term loans, capitalised losses carried forward, investments accounted for using the equity method and other long-term receivables, which are stated at nominal value.

Deferred taxes
Deferred taxes from tax losses carried forward are capitalised only if it appears sufficiently certain that they can be used for tax purposes and if the budgeted taxable income is expected to result in any offsetting possibilities. They are listed under "Financial assets" as per Swiss GAAP FER 11.

Impairment of assets

If there are indications that the value of an asset is impaired, an impairment test is performed. If the test shows that the carrying amount is higher than the recoverable amount (higher of value in use or market value), the carrying amount is written down to the recoverable amount with an effect on income.

Trade payables and other current and non-current liabilities

Current liabilities are amounts due within one year. Liabilities falling due after more than one year are reported under "Non-current liabilities". These items are stated at their nominal value.

Financial liabilities

Mortgages, other collateralised financing and bonds are listed as financial liabilities and recorded in the balance sheet at nominal value. Mortgages and fixed advances that are not repaid within 12 months but renewed are reported under "Non-current financial liabilities" to reflect the economic reality.

Transaction costs of bonds and differences between the received equivalent and the repayment value are amortised in the income statement over their maturity.

Financing or repayments due within a period of 12 months are classified as "Current financial liabilities".

Leasing

When referring to leases, a distinction is made between a finance lease and an operating lease. A finance lease is an agreement where at the time of conclusion of the contract the cash value of the lease payments and any remaining payment roughly correspond to the acquisition value of the leased asset. A finance lease also exists if the expected duration of the lease is approximately the expected useful life of the asset, the leased asset is transferred to the lessee at the end of its useful life or any residual payment is below the net market value at that time. In the case of a finance lease, the leased asset is capitalised and at the same time the leasing obligations from the remaining lease payments are recognised as liabilities. The lease payments are divided into an interest component and a depreciation component. The interest component is recognised as a financial expense and the depreciation component is recognised as a reduction of the leasing liability. The leasing liability is split into a current (within the next 12 months from the reporting date) and a non-current liability (remaining obligation). The current leasing liability is recorded under Current financial liabilities and the non-current leasing liability is recorded under Non-current financial liabilities.

The leased asset is depreciated over the expected useful life.

An operating lease exists when none of the finance lease criteria listed above applies. This concerns primarily long-term rental contracts (over 12 months) for Group sites. These contracts are not included in the balance sheet, but rather disclosed in the Annex.

Current and non-current provisions

Provisions are set up to cover all the risks and obligations recognised at the balance sheet date. Provisions are made when an obligation to a third party exists that is attributable to an event in the past and the extent of that obligation can be determined reliably. The amount of the provision is based on the anticipated outflow of resources necessary to fulfil this obligation. Provisions are recorded as current or non-current according to their respective due dates.

Provisions for deferred taxes

According to Swiss GAAP FER 11, current and future tax effects are to be adequately taken into account in the financial statements. In doing so, current income taxes must be distinguished from deferred taxes. The latter are caused primarily by the valuation differences between fair values and the tax base of the properties. A remaining holding period is estimated for each property when calculating the deferred taxes for investment properties. Regarding income and capital gains taxes on properties, in those cases where recent findings made it possible to include the historical value of the properties more precisely, this was included in the calculations. Provisions for deferred taxes are discounted. A discount rate 2.00% was applied as at 31 December 2020 (2019: 2.00%).

Employee benefits in accordance with Swiss GAAP FER 16

All companies belonging to the HIAG Group participate in the pension fund "HIAG Pensionskasse". The economic benefits resulting from the employer contribution reserve are recorded as assets. Changes to the employer contribution reserve, and any economic impact on the group resulting from surplus or insufficient coverage for employee pension funds are recorded under "Personnel expenses". The capitalisation of an additional economic benefit (from the surplus coverage for the pension fund) is neither intended, nor are the prerequisites for this provided. An economic obligation is recognised as a liability when the criteria for the creation of provisions are met.

Property income

Rental income comprises rental income after deduction of vacancies, income from the sale of electricity from the company's own power plants and reductions in income, such as loss of rent. Rental income is recognised in the income statement when the rent is due. If tenants are granted rent-free periods, the equivalent value of the incentive is recognised on a straight-line basis over the entire term of the lease as an adjustment to the rental income. Revenues from the sale of electricity are recognised after the services have been rendered. From 1 January 2020, a net presentation of the service charges is made. In addition, other income related to services is shown in the position "other operating income". The impact of those changes in presentation is shown under item 15 of the Notes.

Income from sale of promotion projects

From 01 January 2020 the income from sale of promotion projects are reported gross before taxes and after deduction of transaction costs (fees,...) in the positions "Income from sale of promotion projects" and "Direct expenses from sale of promotion projects". The impact of this change in presentation is shown under item 15 of the Notes. The profit is recognised after transfer of ownership.

Profit from sale of properties

Net income from the sale of properties (excluding promotion projects), which are valued at market value, is recognised in the item "Profit from sale of properties".

Other operating income

Other operating income contains all revenues that cannot be allocated to another revenue category. Therefore, the position consists of one-off effects and non-recurringrevenue items (for example, the disposal of non-used fixed assets or insurance benefits). Moreover, revenues from non-core business activities of the Group are encompassed in this position (such as services for third parties in the area of human resources or income from the metal recycling business). All these revenues are recorded after the service has been rendered to the third party.

Inventory and Cost of materials

Due to the acquisition of Jaeger et Bosshard SA, a company specialised in metal recycling, the consolidated financial statements show inventories and material expenses. Inventories are valued at cost (average cost method). Whenever it is foreseeable that the net market value of inventories is lower than cost, write-downs are made to the lower of cost or net realisable value.

Maintenance and repairs

Maintenance expenses do not include value-enhancing investments and are recorded in the Income Statement.

Financial result

This item consists of interest income, interest expenses, translation differences, gains and losses on securities and other financial expenses and income.

Taxes

This item covers deferred taxes and current taxes on income. Deferred taxes are calculated primarily on the basis of the temporary differences between the fair values identifiedand the tax base of an asset. Current taxes on income are calculated on the basis of the taxable result. Other taxes, levies and property taxes are recorded under "Operating expenses" as "General operating expenses".

Transactions with shareholders and related parties

Significant transactions with related parties are classified and disclosed as follows in accordance with Swiss GAAP FER 15 "8. Financial assets, financial assets shareholders and financial assets with related parties".

Share-based compensation

Pursuant to Swiss GAAP FER 31, share-based compensation is recognised as personnel expenses. Shareholders' equity constitutes the corresponding opposite item for share-based compensation; liabilities (provisions) for cash-based compensation. Share-based compensation is disclosed under paragraph 21.

Off-balance sheet items

Contingent liabilities and other off-balance sheet liabilities are valued and disclosed at every balance sheet reporting date. Provisions are set aside if contingent liabilities and other off-balance sheet liabilities result in a cash outflow devoid of beneficial cash inflow, and the cash outflow is probable and foreseeable.

Estimates

The preparation of the financial statements requires a number of estimates and assumptions to be made. These re late to the reported assets, liabilities and contingent liabilities at the time the balance sheet is being prepared, and to income and expenses during the period under review. Should the estimates and assumptions made to the best of the company's knowledge at the balance sheet date deviate from actual circumstances, adjustments to the original estimates and assumptions are then carried out in the reporting year in which the circumstances change.

Events after the balance sheet date

There were no significant events after the balance sheet date that could have an influence on the the book values of the reported assets and liabilities, or which have a participating interest in that must be disclosed.
The approval of the consolidated financial statements by the Board of Directors took place on 12 March 2021.

1 Trade receivables

in TCHF	31.12.2020	31.12.2019
Trade receivables	4,052	6,706
Provision for bad debts	–659	–1,371
Total	**3,393**	**5,335**

Losses on accounts receivable in 2020 come to TCHF 55 (0.05% of operating income without revaluation of properties and cloud services) compared to TCHF 11 (0.02% of operating income without revaluation of properties and cloud services) in 2019.

2 Other current receivables

in TCHF	31.12.2020	31.12.2019
Value-added tax receivables	1,570	1,464
Heating and lump sum charges	2,968	3,734
Escrow account	1,051	1,350
Deposits and guarantees	635	164
Receivable for sale production facilities Pratteln site	423	–
Further charging to tenants	389	1,421
Current accounts condominium ownership	463	531
Other current receivables	715	595
Total	**8,214**	**9,259**

In connection with the development of the site in Frauenfeld, HIAG was compensated by the former owners in 2016 for assuming the risks of contaminated sites with a contribution of TCHF 1,350. This contribution was transferred to an escrow account. In the reporting year, TCHF 300 of this amount was reclassified to other long-term receivables, as the release will not take place within the next 12 months.

3 Inventory

in TCHF	31.12.2020	31.12.2019
Inventory	501	420
Total	**501**	**420**

The inventories are related to the acquisition in 2019 of Jaeger et Bosshard SA, a company specialising in metal recycling.

4 Other non-current receivables

in TCHF	31.12.2020	31.12.2019
Other non-current receivables	3,702	3,554
Escrow account non-current	300	–
Total	**4,002**	**3,554**

The other long-term receivables in the reporting year and in the previous year consist of a receivable of TCHF 2,554, which arose as a result of the use of space beyond the ordinary rental period. To secure this receivable, an agreement was signed on the transfer of

first-rank mortgage notes from an industrially used site. In addition, a long-term rent receivable in the amount of TCHF 500 (2019: TCHF 500) is included, which is deferred until 2021 due to a contractual agreement. The repayment will be made quarterly from 2021 until 2030.
Also in the reporting year, TCHF 300 of the escrow account was reclassified from other current receivables to other non-current receivables, as the release will not take place within the next 12 months.

As part of the acquisition of Jaeger et Bosshard SA, a purchase price adjustment was agreed with the former owner, whereby the effectively generated cumulative actual result for the years 2019 to 2023 should reach a value defined in advance. The current assessment shows that the defined value will be undercut over the entire period. As a result, a long-term receivable in the amount of TCHF 560 was capitalised and recognised in financial income.

5 Investment properties

in TCHF	31.12.2020	31.12.2019
Fire insurance value	1,712,090	1,671,833
Pledges to secure mortgage loans	351,840	344,840

Due to the completion of projects, the fire insurance values increased by a total of TCHF 40,257 in the reporting period (2019: TCHF 44,103).

in TCHF	Undeveloped land	Properties	Properties currently under development	Total investment properties
Balance at 01.01.2019	**134,070**	**1,241,701**	**112,421**	**1,488,191**
Reclassifications	56,115	13,836	–69,951	–
Additions	2,936	69,629	30,952	103,516
Disposals	–	–38	–12,004	–12,042
Additions in scope of consolidation	–	13,500	–	13,500
Revaluation of properties	–16,969	10,664	1,336	–4,969
Change of costs for environmental risks	–5,123	–10,740	–656	–16,519
Balance at 31.12.2019	**171,029**	**1,338,552**	**62,097**	**1,571,676**
Reclassification of properties for sale	–	–	–8,633	–8,633
Balance after reclassifications as at 31.12.2019	**171,029**	**1,338,552**	**53,464**	**1,563,043**
Balance at 01.01.2020	**171,029**	**1,338,552**	**62,097**	**1,571,676**
Reclassifications	–8,047	–33,380	41,427	–
Additions	17,473	36,821	21,214	75,508
Disposals	–	–27,125	–9,129	–36,254
Revaluation of properties	24,813	12,867	1,710	39,390
Change of costs for environmental risks	–2,124	–11,089	736	–12,477
Balance at 31.12.2020	**203,144**	**1,316,647**	**118,055**	**1,637,844**
Reclassification of properties for sale	–	–	–29,427	–29,427
Balance after reclassifications as at 31.12.2020	**203,144**	**1,316,647**	**88,628**	**1,608,417**

In the reporting period, Wüest & Partner AG appraised all properties. The discount rates used for the property appraisals fluctuated within a corridor of 2.00% to 5.50% as of the balance sheet date (31 December 2019: 1.95% to 6.00%).

The additional costs to be expected due to environmental risks were analysed on the basis of historical and technical investigations and taken into account in the real estate investments with an amount of TCHF 56,028 (31 December 2019: TCHF 43,551) as at the balance sheet date. The clarification of environmental risks is an ongoing process. The portfolio was reassessed in the second half of 2020 based on a risk analysis by management. The building pollutants and contaminated sites were re-analysed with the current technical knowledge. For the calculation of the provision for environmental risks, a probability and a time horizon consistent with the development horizon are defined by management. New findings from historical or technical investigations are taken into account on the balance sheet date and have led to an increase in the deductions for environmental risks of TCHF 12,477 in the current reporting period, of which TCHF 12,387 are recognised in profit or loss and TCHF 90 are recognised directly in equity as part of an acquisition (2019: increase in deductions of TCHF 13,914 recognised in profit or loss). A discount rate of 2.00% was applied as at 31 December 2020 (31 December 2019: 2.00%).

In some cases, the effective acquisition costs or the investments cannot be reliably ascertained as the acquisition dates too far back. For this reason, the decision was taken not to report the acquisition values in these cases.

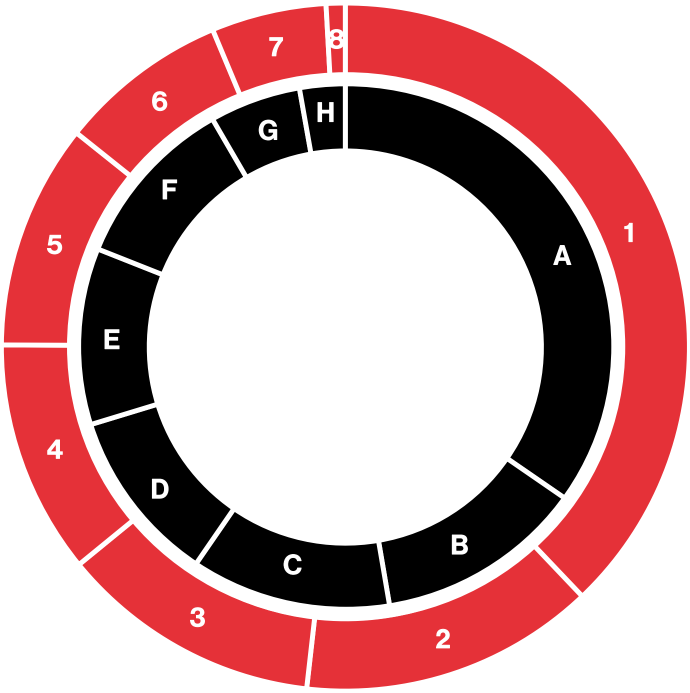
New additions in the first half year 2020 came to TCHF 75,508 resulting from investments in 34 and one acquisition in Bussigny (TCHF 9,108). The largest investments were made in Meyrin (TCHF 19,284), in Goldach (TCHF 10,319), in Niederhasli (TCHF 7,630), in Dietikon (TCHF 6,208) and in Wetzikon (TCHF 3,866).

Disposals amounting to TCHF 41,164 concerned the sale of condominiums in Frauenfeld (TCHF 9,129), the site in St. Margrethen (TCHF 32,000) and a parking space in Windisch (TCHF 35).

Properties for sale

in TCHF	31.12.2020	31.12.2019
Promotion projects	29,427	8,633
Total properties for sale	29,427	8,633

On the balance sheet date, the promotion projects amounted to TCHF 29,427 (31 December 2019: TCHF 8,633). In the reporting year, this was a promotion project in Cham and in the previous year a promotion project in Frauenfeld.



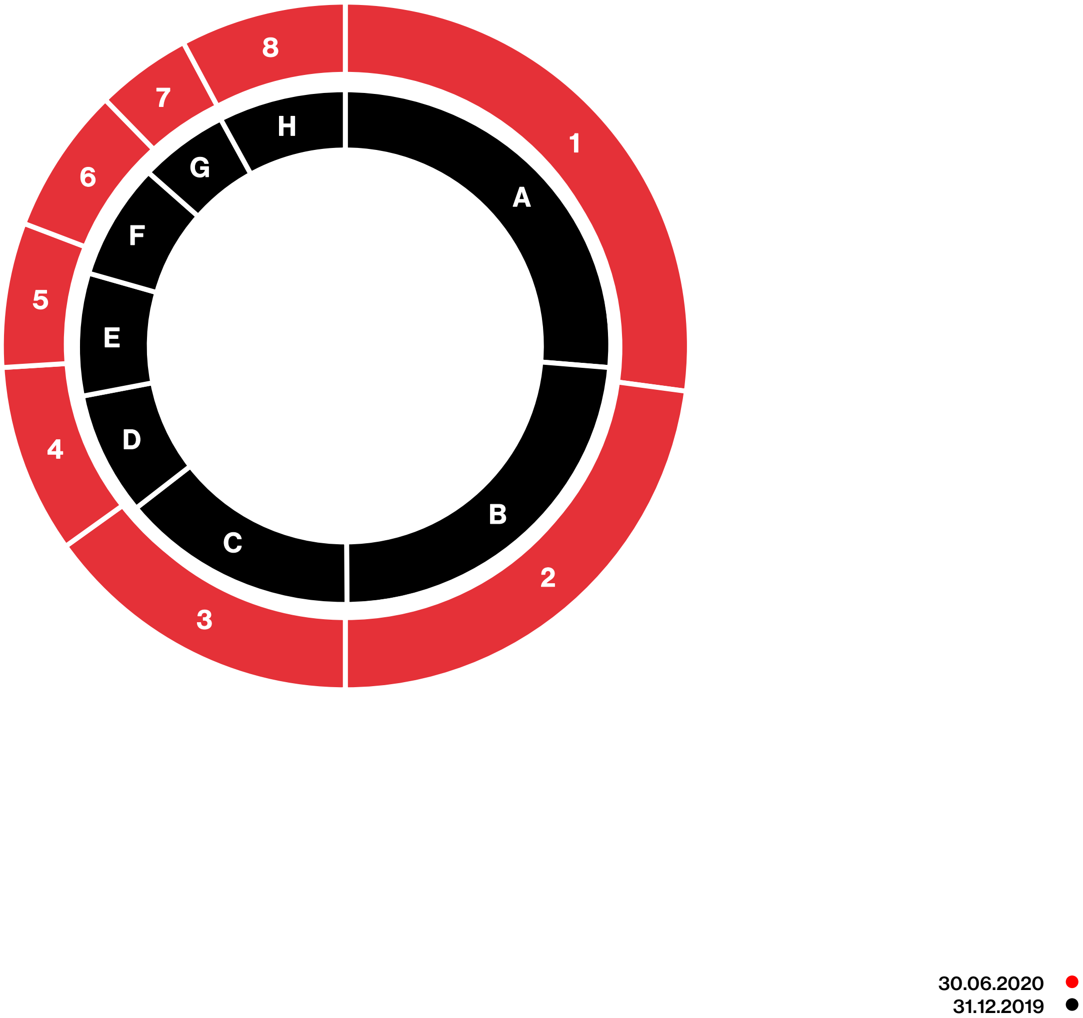
Market value of investment properties according to use[1] as at 31 December 2020

1	Industry, Commercial	37.9%
2	Building land	13.9%
3	Residential	12.3%
4	Office	11.0%
5	Retail	10.6%
6	Distribution, Logistics	8.0%
7	Residential, Commercial	5.4%
8	Miscellaneous	0.9%

Market value of investment properties according to use[1] as at 31 December 2019

A	Industry, Commercial	34.6%
B	Residential	12.7%
C	Building land	12.3%
D	Distribution, Logistics	10.7%
E	Office	10.7%
F	Retail	10.6%
G	Residential, Commercial	5.6%
H	Miscellaneous	2.8%

[1] The calculations of the types of use are based on the main uses of the properties.



Market value of investment properties by canton as at 31 December 2020

1	Zurich	27.1%
2	Aargau	22.9%
3	Geneva	15.1%
4	Zug	8.9%
5	Solothurn	6.8%
6	Baselland	6.9%
7	St. Gallen	4.5%
8	Miscellaneous	7.8%

Market value of investment properties by canton as at 31 December 2019

A	Zurich	26.3%
B	Aargau	23.6%
C	Geneva	14.6%
D	Zug	7.5%
E	Solothurn	7.4%
F	Baselland	7.1%
G	St. Gallen	5.5%
H	Miscellaneous	8.0%

6 Other property, plant and equipment and intangible fixed assets

in TCHF	Other property, plant and equipment	Multicloud infrastructure	Multicloud infrastructure in Leasing	Total	Intangible assets
Book value at 01.01.2019	**3,944**	**47,706**	**17,699**	**69,349**	**116**
Additions	140	469	–	609	–
Disposals	–	–	–	–	–
Additions in scope of consolidation	534	–	–	534	–
Book value at 31.12.2019 / 01.01.2020	**4,618**	**48,175**	**17,699**	**70,492**	**116**
Additions	3,265	–	–	3,265	–
Additions	–1,793	–	–	–1,793	–
Book value at 31.12.2020	**6,090**	**48,175**	**17,699**	**71,964**	**116**
Cumulative amortisation at 01.01.2019	**3,202**	**22,427**	**3,319**	**28,949**	**91**
Amortisation	382	7,770	4,425	12,577	10
Impairment	–	17,978	9,955	27,932	15
At 31.12.2019 / 01.01.2020	**3,585**	**48,175**	**17,699**	**69,458**	**116**
Amortisation	396	–	–	396	–
Cumulative amortisation at 31.12.2020	**3,981**	**48,175**	**17,699**	**69,855**	**116**
Net book value at 31.12.2019 / 01.01.2020	1,034	–	–	1,034	–
Net book value at 31.12.2020	**2,110**	**–**	**–**	**2,110**	**–**

As part of an agreement with the bankruptcy office of canton Basel-Landschaft, it was agreed to acquire moveable assets of the former tenant of the Pratteln site for TCHF 2,400. This purchase was offset against the outstanding rent claims of the former tenant at the beginning of January 2020.

In December 2020, the production facility of the former tenant of the Pratteln site was sold. As the transfer of use will contractually take place over two years (2020 and 2021), the effects of this transaction are recognised over two years. The disposals in 2020 associated with this sale amounted to TCHF 1,656. The resulting income was recognised in the position "Other operating income" (refer to note 18).

The position "Other tangible fixed assets" includes mainly these moveable fixed assets, and machinery and transport vehicles of Jaeger & Bosshard SA.

7 Prepayments and accrued income

in TCHF	31.12.2020	31.12.2019
Financing costs bonds	**818**	1,228
Insurance premiums and benefits	**126**	980
Accrued income (rental income, sale of electricity, etc.)	**2,139**	2,172
Subsidies	**955**	190
Miscellaneous	**880**	657
Total	**4,918**	**5,227**

Insurance premiums and benefits comprise TCHF 121 in relation to cases of fire and other damaging events during the reporting period (2019: TCHF 974).
Subsidies were applied for within the scope of construction projects. Subsidies for TCHF 955 will be paid out after the balance sheet date (previous year TCHF 0).

8 Financial assets, financial assets from shareholders and financial assets from related parties

8.1 Financial assets

in TCHF	31.12.2020	31.12.2019
Other financial assets	142	142
Loans to third parties	7,500	5,206
Total	**7,642**	**5,348**

In the reporting year, loans amounting to TCHF 3,694 (previous year TCHF 5,549) were granted to third parties. All loans bear interest in line with the market. No loans were repaid in the reporting year (previous year TCHF 300). A loan for a total of TCHF 1,550, which was granted in the reporting year, was 100% impaired as of 31 December 2020, as repayment as at 31 December 2020 is questionable due to the economic situation of the borrower.

8.2 Financial assets from shareholders

in TCHF	31.12.2020	31.12.2019
Loan to Excecutive board and management staff	1,300	1,300
Loan to shareholders	1,030	1,030
Total	**2,330**	**2,330**

These loans are subject to market rate interest and are secured by HIAG shares.

8.3 Deferred taxes from capitalised losses carried forward

in TCHF	31.12.2020	31.12.2019
Capitalised losses carried forward	718	513
Total	**718**	**513**

The capitalised tax loss carryforwards represent the expected economic benefit within the next 12 months.

9 Other current liabilities

in TCHF	31.12.2020	31.12.2019
To third parties	3,494	4,632
Advance rent payments	2,470	2,725
Total	**5,965**	**7,357**

"Other current liabilities to third parties" includes mainly accumulated payments on account for heating and service charge settlement amounting to TCHF 2,817 (2019: TCHF 3,172).

10 Provisions

in TCHF	Other provisions	Provision for de-construction and site remediation costs Pratteln	LTIP provisions	Total
Book value at 01.01.2019	**534**	**–**	**2,890**	**3,424**
Increase	790	30,000	–	30,790
Utilisation	–165	–	–2,890	–3,055
Release	161	–	–	161
Book value at 31.12.2019 / 01.01. 2020	**1,320**	**30,000**	**–**	**31,320**
- thereof current	660	30,000	–	30,660
- thereof non-current	660	–	–	660
Increase	1,016	–	112	1,128
Utilisation	–	–10,374	–	–10,374
Release	–376	–8,000	–	–8,376
Book value at 31.12.2020	**1,960**	**11,626**	**112**	**13,698**
- thereof current	1,960	11,626	–	13,586
- thereof non-current	–	–	112	112

In the previous year, a short-term provision for the dismantling of the production infrastructure and the redevelopment of the site in Pratteln was created in the amount of TCHF 30,000. In connection with the bankruptcy of Rohner AG in Pratteln, HIAG assumed the costs for the demolition of the production infrastructure, which contractually should have been borne by the tenant. This includes, in particular, taking measures to restore the facilities to a chemical-free state.
As of the balance sheet date, TCHF 10,374 of the short-term provisions were used for work performed. With operational measures and the sale of a complete production plant including building, HIAG has significantly reduced the total expenses for the dismantling of the Rohner site in Pratteln compared to the original expectations. As a result, a total of TCHF 8,000 of the estimated provisions were released. HIAG assumes that the demolition will be completed in 2021, which is why the remaining provision was classified as current.

In the reporting year, a provision of TCHF 350 (2019: TCHF 610) was created for potential additional costs for a completed promotion project.
The current cost estimate for the provisions formed in the previous year showed that TCHF 125 were released in the reporting year. Based on the ongoing technical clarifications, HIAG assumes that the work will take place in 2021.

In addition TCHF 666 (previous year TCHF 113) was created in other provisions for holiday provisions. The release of holiday provisions in the reporting year amounted to TCHF 134 (previous year TCHF 149).

In connection with a new long-term incentive plan for the period 2020 to 2024 (see note 21), an accrual for the cash component of TCHF 112 (2019:TCHF 0) was created as at 31 December 2020.

There were no provisions for pension obligations or restructuring in either the reporting year or the previous year. Only risks with a probability of occurrence of at least 50% are taken into account.

11 Financial liabilities

in TCHF	31.12.2020	31.12.2019
Current liabilities to banks	35,037	2,378
Current leasing liabilities	4,220	5,524
Current bonds	100,000	–
Total current liabilities	**139,257**	**7,902**
Non-current liabilities to banks	137,429	179,178
Non-current bonds	540,000	640,000
Non-current leasing liabilities	–	4,220
Total non-current liabilities	**677,429**	**823,397**
Total	**816,686**	**831,299**

In the reporting year, TCHF 33,617 of bank liabilities were reclassified to current bank liabilities, as these expire within the next twelve months and have not yet been extended as at 31 December 2020. The majority of the bank liabilities will be renegotiated and the framework agreements will be renewed. For the majority of the bank liabilities due in the next twelve months, the framework agreements will be renegotiated and the financing extended. The majority of the bank liabilities are secured by mortgages. The short-term bond expires on 01 July 2021. It is planned to renew this bond.

Long-term bank liabilities were repaid through the capital increase carried out in the reporting year and the proceeds from the sale of the building lease plot in St. Margrethen.

The loan-to-value ratio ([cash and cash equivalents + financial liabilities] / property value) was 48.7% as at the reporting date (2019: 51.4%) and the loan-to-value ratio at market value (bank liabilities / property value) was 10% (2019: 11%).

The average interest rate for financial liabilities was 0.9% in the reporting period (2019: 0.9%).

Conditions of financial liabilities as at 31.12.2020

Item	Book value	Currency	Due date	Interest rate
Liabilities to banks	172,466	CHF	See 'Due dates in TCHF as at 31.12.2020'	Between 0.5% and 2.7%
Bonds	640,000	CHF	See 'Terms and conditions of financial liabilities'	Between 0.8% and 1.0%
Leasing liabilities	4,220	CHF	31.10.2021 with quarterly repayments	0.5%
Total	**816,686**			

Conditions of financial liabilities as at 31.12.2019

Position	Book value	Currency	Due date	Interest rate
Liabilities to banks	181,556	CHF	See 'Due dates in TCHF as at 31.12.2019'	Between 0.5% and 2.9%
Bonds	640,000	CHF	See 'Terms and conditions of financial liabilities'	Between 0.8% and 1.0%
Leasing liabilities	9,743	CHF	31.10.2021 with quarterly repayments	0.5%
Total	**831,299**			

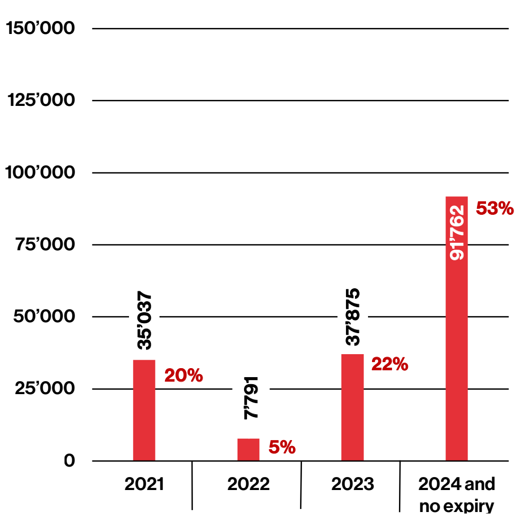
Terms and conditions of financial liabilities

Benchmarks	Bond May 2019	Bond October 2018	Bond May 2017	Bond July 2016	Bond July 2015
Amount	TCHF 150,000	TCHF 125,000	TCHF 150,000	TCHF 115,000	TCHF 100,000
Maturity	5 years (08.05.2019 –08.05.2024)	4 years (26.10.2018 –26.10.2022)	5 years (30.05.2017 –30.05.2022)	7 years (04.07.2016 –04.07.2023)	6 years (01.07.2015 –01.07.2021)
Interest rate	0.875%	1.0%	0.8%	1.0%	1.0%
Listing	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Security number	47,129,798	43,467,844	36,274,830	32,637,142	28,460,739
ISIN	CH0471297983	CH0434678444	CH0362748300	CH0326371421	CH0284607394

Financial liabilities are recognised and measured at nominal value.

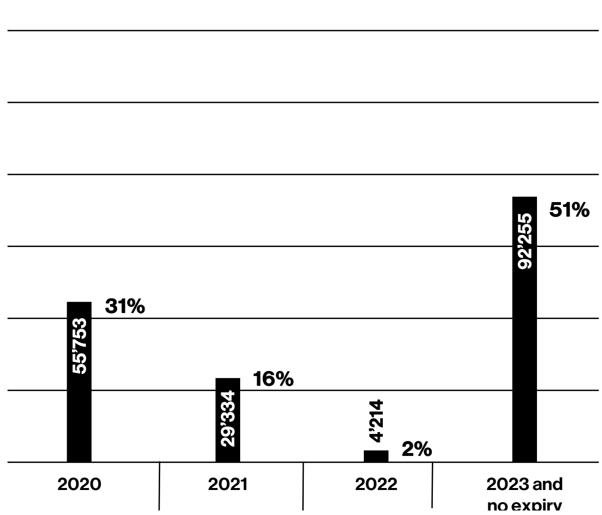
Financial liabilities are recorded and valued at nominal value.

Due dates of the liabilities to banks in TCHF as at 31.12.2020



Total: TCHF 172,466= 100%

Due dates of the liabilities to banks in TCHF as at 31.12.2019



Total: TCHF 181,556 = 100%

Interest rates were fixed as follows as at 31 December 2020 (until the next interest rate adjustment):

Up to one year including building loan	97,110	56%
2022	7,791	5%
2023	37,875	22%
2023 and longer	29,689	17%
Total	**172,466**	**100%**

Interest rates were fixed as follows as at 31 December 2019 (until the next interest rate adjustment):

Up to one year including building loan	124,683	69%
2021	29,334	16%
2022	4,214	2%
2023 and longer	23,325	13%
Total	**181,556**	**100%**

12 Accrued liabilities and deferred income

in TCHF	31.12.2020	31.12.2019
Operating expenses	4,402	3,590
Financing costs	3,391	3,704
Investments	6,708	4,552
Personnel-related accruals	1,665	1,134
Miscellaneous	231	250
Total	**16,396**	**13,229**

Operating expenses include TCHF 953 for office and administrative expenses (2019: TCHF 1,145), TCHF 645 for energy cost and services charges (2019: TCHF 668) and TCHF 2,797 for maintenance and repairs (2019: TCHF 1,743).

13 Deferred taxes

in TCHF	31.12.2020	31.12.2019
Deferred tax liabilities as at 1 January	**68,728**	**82,871**
Changes in the scope of consolidation	–	1,043
Net increase recognised through profit or loss	4,403	–
Net increase resolution through profit or loss	–	–15,186
Deferred tax liabilities as at 31 December	**73,131**	**68,728**

The provisions for deferred taxes are discounted with a discount rate of 2.00% as at 31 December 2020 (2019: 2.00%). The formation of the provision mainly consists of the positive change in value from revaluation of real estate investments in the reporting year.

14 Employee benefits

The HIAG Group has occupational pension plans for its employees. These institutions are financially independent foundations, whereby the HIAG Pension Fund is financed by employee and employer contributions, and the patronage institutions, the HIAG Group's welfare fund and the welfare foundation of HIAG Immobilien Schweiz AG are financed exclusively by employer contributions. The benefits are calculated according to the amount of the contributions paid in or according to the coverage provided by the respective insurance company (defined contribution plan). The Group companies have neither an economic benefit nor an economic obligation arising from the employee pension plan. There is no intention to draw future economic benefit from the existing free reserves.

in TCHF	Nominal value	Renounced use	Balance sheet	Accumulation	Balance sheet	Result from ECR in personnel expenses	
	31.12.2020	31.12.2020	31.12.2020	2020	31.12.2019	2020	2019
Patronage pension institutions	–	–	–	–	–	–	365
Pension institution	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**365**

in TCHF	Surplus / deficit coverage	Economical part of the organisation	Change to prior year period or recognised in the current result of the period, respectively	Contributions concerning the business period	Pension expenses within personnel expenses
	31.12.2020	31.12.2020	2020	2020	2020
Patronage pension institutions	–	–	–	–	–
Pension institution	9,338	–	–	–	959
Total	**9,338**	**–**	**–**	**–**	**959**

Composition of employee pension expenses in TCHF	2020
Contributions to pension funds at the expense of the company	959
Contributions to pension plans made from the employer contribution reserve (ECR)	–
Total contributions	**959**
Changes in the employer contribution reserve stemming from asset performance, impairment, discounts, assessment of interest, etc.	–
Total contributions and changes to employer contribution reserve	**959**
Changes in the economic benefit of the company from surplus coverage	–
Changes in the economic benefit of the company from deficit coverage	–
Total changes in the economic impacts from surplus / deficit coverage	**–**
Total pension expenses in terms of employee benefit expenses during the reporting period	**959**
- thereof in personnel expenses	911
- thereof in office, administrative, and development expenses	48
Total	**959**

The pension expenses for members of the Board of Directors are included in Office administrative and development expenses. All other pension expenses are disclosed under Personnel expenses.

in TCHF	Nominal value	Renounced use	Balance sheet	Accumulation	Balance sheet	Result from ECR in personnel expenses	
	31.12.2019	31.12.2019	31.12.2019	2019	31.12.2018	2019	2018
Patronage pension institutions	–	–	–	–	365	365	362
Pension institution	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**365**	**365**	**362**

in TCHF	Surplus / deficit coverage	Economical part of the organisation	Change to prior year period or recognised in the current result of the period, respectively	Contributions concerning the business period	Pension expenses within personnel expenses
	31.12.2019	31.12.2019	2019	2019	2019
Patronage pension institutions	–	–	–	–	–
Pension institution	8,164	–	–	–	835
Total	**8,164**	**–**	**–**	**–**	**835**

Composition of employee pension expenses in TCHF	2019
Contributions to pension funds at the expense of the company	470
Contributions to pension plans made from the employer contribution reserve (ECR)	365
Total contributions	**835**
Changes in the employer contribution reserve stemming from asset performance, impairment, discounts, assessment of interest, etc.	–
Total contributions and changes to employer contribution reserve	**835**
Changes in the economic benefit of the company from surplus coverage	–
Changes in the economic benefit of the company from deficit coverage	–
Total changes in the economic impacts from surplus / deficit coverage	**–**
Total pension expenses in terms of employee benefit expenses during the reporting period	**835**
- thereof in personnel expenses	787
- thereof in office, administrative, and development expenses	48
Total	**835**

15 Property Income

in TCHF	2020	Restated 2019[1]
Rental income	**59,117**	60,533
Service charges	**–**	–
Other property income	**851**	939
Decrease in income	**–230**	–113
- thereof agreed rent reductions COVID-19	**–121**	–
- thereof expected rent reductions COVID-19	**–164**	–
- thereof release/increase of doubtful debts	**55**	–113
Total	**59,738**	**61,359**

[1] **Restated due to changes in accounting policies (restatement presentation without impact on net profit), see explanation below**

As at 31 December 2020, the item "Rental income" includes the creation of prepaid expenses in the amount of TCHF 33 (31 December 2019: release of TCHF 35) for rental agreements with rent-free periods. The item "Other property income" includes electricity sales revenue from the company's own power plants in the amount of TCHF 851 for 2020 (2019: TCHF 939).

Due to the HIAG portfolio utilisation mix and the active portfolio management activities, the rental income in the first half of 2020 was only slightly affected by the closure of operations and restrictions to combat the corona virus decreed by the Federal Council (TCHF 285, 0.5% of the annualised rental income). Lease cancellations for which agreements had been signed as of the balance sheet date also amounted to TCHF 121 as of 31 December 2020. An accrual of TCHF 164 was made for rent receivables for which no signed agreements existed as at the balance sheet date.

Most important tenants

As at the balance sheet date the five most important tenants in terms of annualised rental income are (in alphabetical order): Amcor Flexibles Rorschach AG, Doka Schweiz AG, Hewlett-Packard International Sàrl HPE, OTTO's AG, Sieber Transport AG

Share of annualised property income represented by (%):	2020	2019
The largest tenant	5%	4%
The three largest tenants	13%	12%
The five largest tenants	18%	18%
The ten largest tenants	32%	31%

Changes in accounting principles (restatement)

The presentation of the income statement 2019 has been adjusted and the effects are shown in the following table:

in TCHF	Restated 2019	Restatement	Restatement service charges	Restatement other operating income	Restatement promotion projects	2019
Rental income	60,533	–	–	–	–	60,533
Service charges	–	–1,199	–1,030	–169	–	1,199
Other property income	939	–476	–	–476	–	1,415
Decrease in income	–113	–	–	–	–	–113
Total rental income	**61,359**	**–1,675**	**–1,030**	**–645**	**–**	**63,034**
[...]			–	–	–	
Profit from sale of promotion projects	–	–	–	–	–263	263
Income from sale of promotion projects	1,430	1,430	–	–	1,430	–
Profit from sale of properties	64	64	–	–	64	–
[...]			–	–	–	
Other operating income	7,008	645	–	645	–	6,363
[...]			–	–	–	
Total operating income	**53,688**	**201**	**–1,030**	**–**	**1,231**	**53,487**
			–	–	–	
Direct expenses from sales of promotion projects	–1,231	–1,231	–	–	–1,231	–
[...]			–	–	–	
Maintenance and repairs	–40,590	203	203	–	–	–40,793
[...]			–	–	–	
Energy consumption and maintenance	–1,912	827	827	–	–	–2,739
[...]		–	–	–	–	
Total operating expenses	**–92,098**	**–201**	**1,030**	**–**	**–1,231**	**–91,897**
Earnings before depreciation (EBITDA)	**–38,410**	**–**	**–**	**–**	**–**	**–38,410**

The service charges charged to tenants, which were reported as "Property income" until 31 December 2019 (TCHF -1,030), are now reported as a deduction from the position "maintenance and repairs" (TCHF 203) and 'energy expenses and building maintenance' (TCHF 827) (net presentation instead of gross presentation). This presentation corresponds to the presentation of other listed Swiss real estate companies and also represents the economic view of the service charges.

Management fees, caretaker salaries and other income in connection with services are now reported under the position “Other operating income” (TCHF 645). In the previous year, these were included in the position “Service charges” (TCHF 169) and “Other property income” (TCHF 476). Thus, the income from property rental and power plants remains under “Rental income”. This restatement was made as a result of the clarification of the property income.

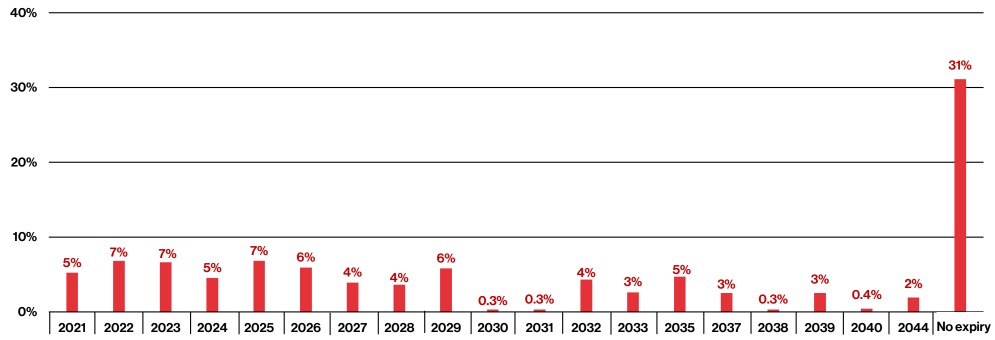
In addition, the “Profit from sales of promotion projects” (TCHF 263) was reported net in operating income in the previous year. The presentation was adjusted to the SIX guidelines, which stipulate that promotion projects are to be reported under current assets and the associated revenue and expenses are to be recorded separately. Thus, the gross proceeds from the sale of promotion projects are now reported in the position ‘Income from sale of promotion projects” (TCHF 1,430) and the corresponding expenses in the position "Direct expenses from sales of promotion projects" (TCHF 1,231).

These changes have no impact on the Group result, but increase the operating income and operating expenses.

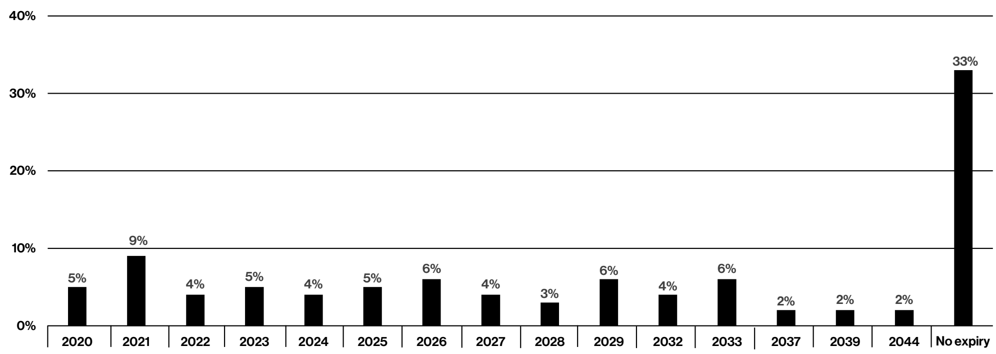
Expiry of rental agreements

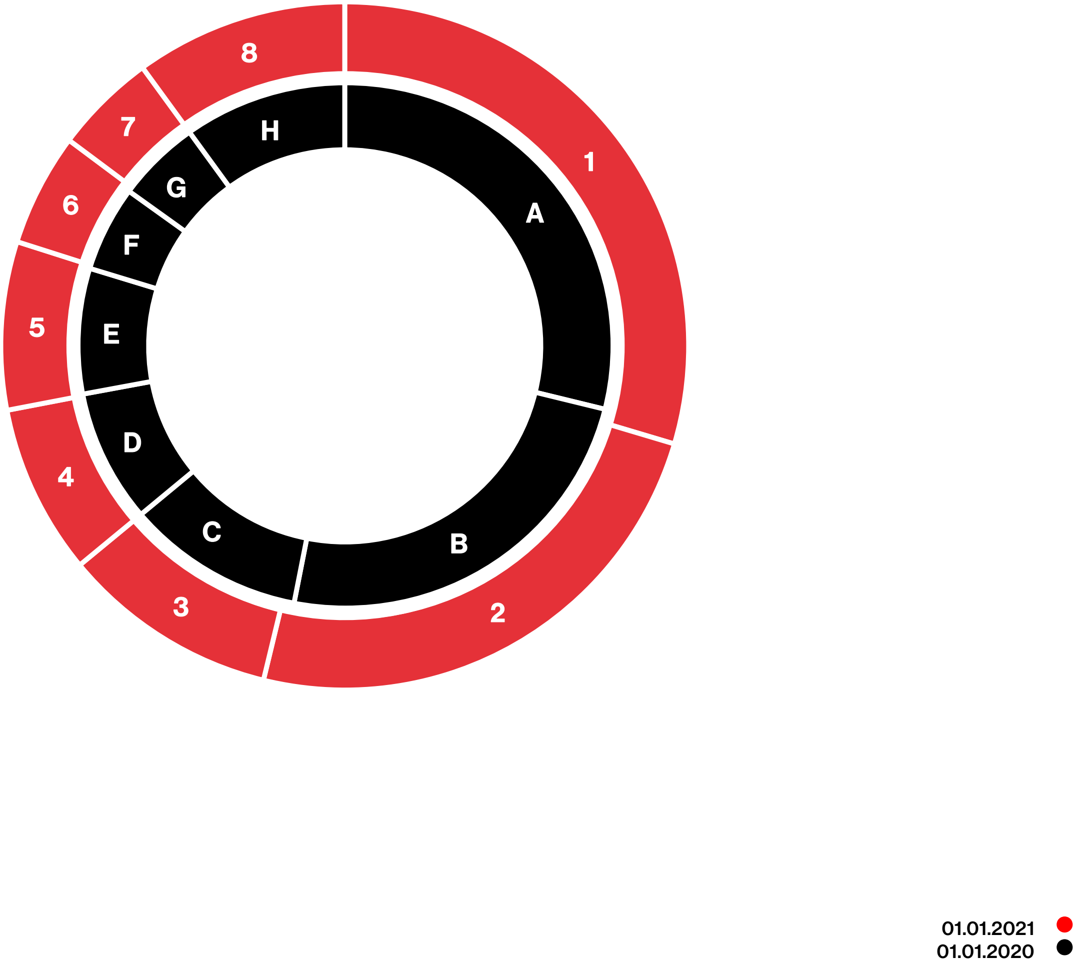
The overview of the expiry profile of rental agreements shows when the agreements can be terminated at the earliest.

Overview of expiry profile of rental agreements as at 31.12.2020



Overview of expiry profile of rental agreements as at 31.12.2019



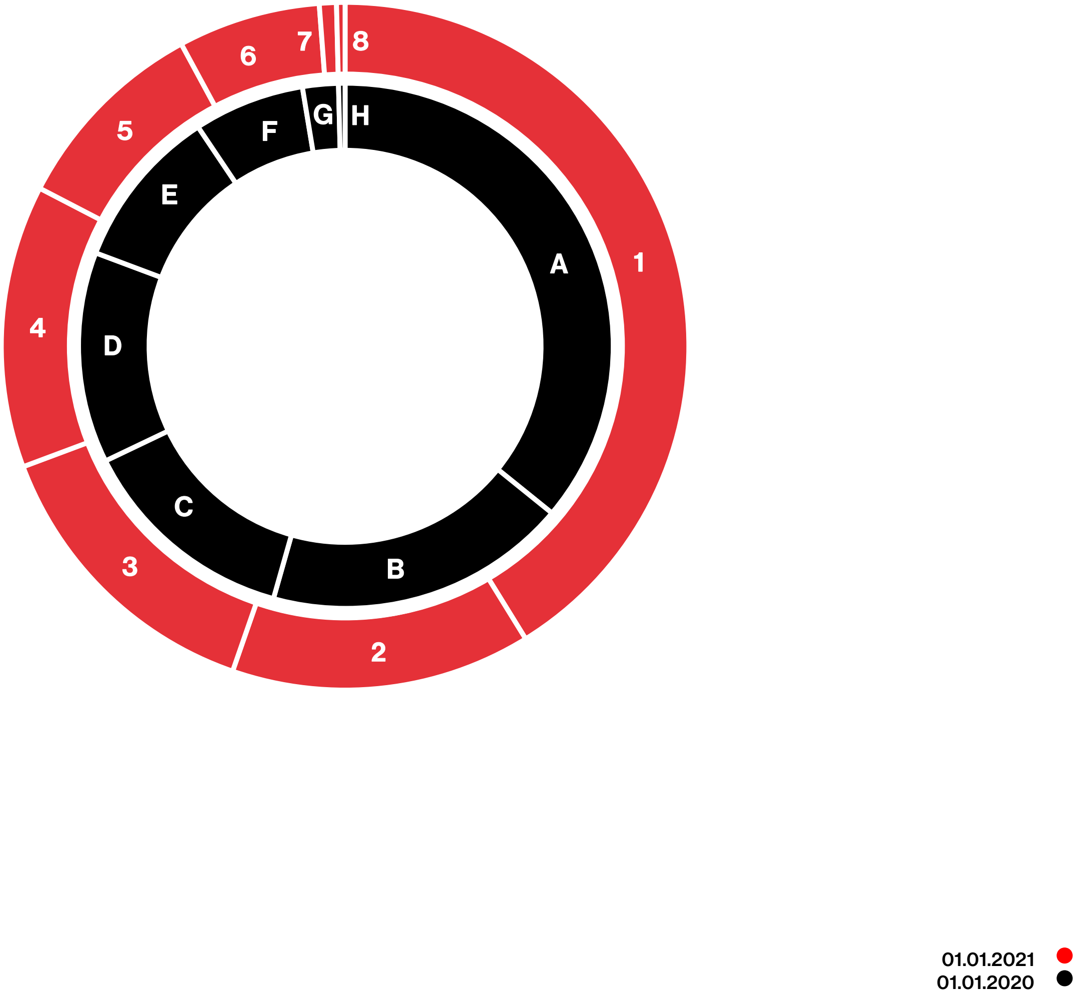


Annualised property income by canton as at 01.01.2021

1	Aargau	29.6%
2	Zurich	24.2%
3	Geneva	10.2%
4	Solothurn	8.0%
5	Basel-Landschaft	7.9%
6	Zug	5.3%
7	St. Gallen	4.8%
8	Miscellaneous	10.0%

Annualised property income by canton as at 01.01.2020

A	Aargau	28.8%
B	Zurich	24.3%
C	Geneva	10.9%
D	Solothrun	8.1%
E	Basel-Landschaft	7.6%
F	Zug	5.2%
G	St. Gallen	5.1%
H	Miscellaneous	10.0%



Annualised property income by property use[1] as at 01.01.2021

1	Industry, Commercial	41.2%
2	Building land	14.1%
3	Residential	14.0%
4	Office	13.3%
5	Retail	9.5%
6	Distribution, Logistics	6.7%
7	Residential, Commercial	0.8%
8	Miscellaneous	0.4%

Annualised property income by property use[1] as at 01.01.2020

A	Industry, Commercial	35.8%
B	Residential	18.6%
C	Building land	13.5%
D	Distribution, Logistics	12.8%
E	Office	9.9%
F	Retail	6.8%
G	Residential, Commercial	2.2%
H	Miscellaneous	0.4%

1 The calculations of the types of use are based on the main uses of the properties.

Vacancy rate in %	2020	2019
Yielding properties	13.0%	16.6%
Redevelopment properties	13.7%	13.7%
Total portfolio	13.2%	**16.2%**

Despite the challenging market environment due to the Corona pandemic, the vacancy rate across the entire portfolio was reduced by a pleasing 3 percentage points to 13.2% thanks to the successful increase in marketing activities. In the existing portfolio, the vacancy rate was 13.0% (2019: 16.6%). Additional new lettings took place primarily in Aigle, Cham, Dornach, Frauenfeld, Klingnau, Kleindöttingen and Windisch.

16 Revaluation of properties (net)

in TCHF	2020	2019
Adjustments to the yielding portfolio	9,658	–6,852
Adjustments to the redevelopment portfolio	17,344	–9,951
Total	27,002	**–16,803**

The most significant net changes in the value of the yielding portfolio after adjustment of the provision for environmental risks occurred at the properties in Wetzikon (TCHF 5,969), Cham (TCHF 5,909), Klingnau (TCHF –4,556), Frauenfeld (TCHF –3,689) and Biberist (TCHF –2,139).

The largest net changes in value in the development portfolio after adjustment of the provision for environmental risks occurred at the properties in Cham (TCHF 17,576), Dornach (TCHF 3,509), Bussigny (TCHF 3,023), Biberist (TCHF –6,673), Brugg (TCHF –3,593) and Meyrin (TCHF –2,510).

The weighted discount rate fell slightly to 3.73% as of 30 December 2020. (31. December 2019: 3.94%).

Out of a total of 119 properties valued at market value, 71 properties experienced positive market value adjustments, 47 properties were affected by negative changes in value and one property had no change in value.

17 Profit from the sale of properties and promotion projects

in TCHF	2020	2019
Profit of sale of properties	4,905	64
Profit from sale of properties	32,155	64
Direct expenses from sale of properties	–27,250	–
Profit of sale of promotion projects	1,427	199
Income from sale of promotion projects	10,560	1,430
Direct expenses from sale of promotion projects	–9,133	–1,231
Profit of sale of properties and promotion projects	6,332	**263**

In the reporting year, one property on the St. Margrethen site was sold to Stadler Rail AG (profit form sale of properties). In addition, the remaining six of a total of eight loft houses on the Walzmühle site in Frauenfeld (TG) were sold (sale of promotion projects).

18 Other operating income

in TCHF	2020	Restated 2019[1]
Services rendered to third parties	698	759
Metal recycling income	5,879	4,723
Other operating income	5,862	1,526
Total	**12,438**	**7,008**

[1] Restated due to changes in accounting policies (restatement presentation without impact on net proit), see note 15

"Services rendered to third parties" include the Executive Board, asset management and technical administrative management of "HIAG Pensionskasse", and human resources services for companies affiliated with "HIAG Pensionskasse".

The position "Income from metal recycling" includes income from Jaeger et Bosshard SA.

The position "Other operating income" includes TCHF 777 (2019: TCHF 115) for one-off construction services related to a construction project in Meyrin. In addition, the profit from the sale of the production facilities of the Rohner site in Pratteln in the amount of TCHF 5,011 (2019: TCHF 0) and further sales of machines in Biberist in the amount of TCHF 80 (2019: TCHF 187) are included here.

19 Cost of materials

in TCHF	2020	2019
Inventory	–3,097	–2,045
Total	**–3,097**	**–2,045**

The cost of materials is connected with Jaeger et Bosshard SA, a company that specialises in metal recycling.

20 Personnel expenses

in TCHF	2020	2019
Wages and salaries	–13,846	–11,631
- thereof real estate	–8,919	–6,897
- thereof Pratteln site	–2,405	–580
- thereof cloud services	–1,594	–3,528
- thereof Jaeger et Bosshard SA	–928	–627
Social security contributions	–1,986	–1,732
- thereof real estate	–1,164	–993
- thereof Pratteln site	–343	–87
- thereof cloud services	–291	–525
- thereof Jaeger et Bosshard SA	–187	–127
Other personnel expenses[1]	–647	–1,270
- thereof real estate	–478	–1,107
- thereof Pratteln site	–42	–2
- thereof cloud services	–55	–133
- thereof Jaeger et Bosshard SA	–72	–27
Total	–16,479	–14,633

[1] Thereof discount on the sale of HIAG Immobilien Holding AG shares for HIAG Group employees (TCHF 158, 2019: TCHF 647)

	31.12.2020	31.12.2019
Employee headcount	85	107
- thereof real estate	58	51
- thereof Pratteln site	15	23
- thereof cloud services	–	20
- thereof Jaeger et Bosshard SA	12	13
Full-time employees	77.3	96.5
- thereof real estate	51.0	42.3
- thereof Pratteln site	14.3	21.8
- thereof cloud services	–	19.4
- thereof Jaeger et Bosshard SA	12.0	13.0

21 Share-based compensation

The LTIP links executive remuneration to long-term value creation within the Group and is designed to align the long-term interests of key employees and shareholders. There was no LTIP in the previous year. A new LTIP was established in the second half of 2020. The term of the LTIP is five years (2020-2024). The LTIP relates to return on equity ("ROE") or net profit and allows plan participants to participate in an "excess return" based on the threshold. This measure is the same for all categories of plan participants. The amount of the LTIP basket is defined by the type and number of plan participants and the ROE achieved, whereby the latter is only taken into account up to the respective maximum value per plan year. Benefits under the LTIP are payable when shareholders have received at least an ROE equal to the threshold value. The threshold is 4.00% ROE in the first plan year and 5.50% ROE in plan years 2 - 5. Assuming the current plan participants, the bonus basket of ROE at the target ROE level of 4.00% in the first plan year and 5.50% in plan years 2 - 5 amounts to CHF 4.7 million for 5 years and, if the maximum

relevant ROEs of 5.00% in the first plan year and 6.50% in plan years 2 - 5 are achieved, CHF 9.5 million for 5 years. This corresponds to a maximum of 3.6% of the absolute increase in value of the shareholders if the maximum relevant ROEs are reached.
50% of the LTIP is paid out annually in the form of blocked plan participant shares. The average return on equity achieved at the end of the respective year serves as the basis for calculation. The plan participant shares to which the plan participants are entitled are acquired in the following financial year by the employer for the account of the plan participants, taken from the portfolio of treasury shares or created from conditional capital and booked into a securities account determined by the employer. The closing price on the day of allocation is decisive. The acquisition by the plan participants is subject to a blocking period of 5 years from the date of acquisition. The plan participant shares are credited to the plan participant accordingly at a discount of 25.274% on the pro rata incentive.
The other 50% of the incentive consists of a cash payment. This cash portion will only be paid out in full if the plan participant is in non-terminated employment on 31 March 2025. The final settlement of the plan will take place in the first semester of 2025.
Further information is available in the Compensation Report 2020.
This LTIP has an impact on the consolidated financial statements of TCHF 674 (2019: TCHF 0), of which TCHF 112 (2019: TCHF 0) is attributable to the cash component (provision as offsetting item) and TCHF 562 (2019: TCHF 0) to the equity component (equity as offsetting item). For the cash component, the accumulated provision as at 31 December 2020 amounts to TCHF 112 (2019: TCHF 0).

22 Maintenance and repairs

in TCHF	2020	Restated 2019[1]
Maintenance and repairs	242	–40,590
- thereof real estate	–5,571	–5,076
- thereof Pratteln site	6,987	–31,287
- thereof cloud services	–823	–3,945
- thereof Jaeger & Bosshard SA	–350	–282

[1] Restated due to changes in accounting policies (restatement presentation without impact on net profit, mainly gross/net presentation of incidental expenses), see note 15
In the item 'Maintenance and repairs', the repair costs, which were charged to tenants in the amount of TCHF TCHF 203 in prior year, were newly shown net.

In the previous year, a short-term provision of TCHF 30,000 was created for the dismantling of the production infrastructure and the redevelopment of the site in Pratteln.
In the reporting year, HIAG significantly reduced the total expenses for the dismantling of the Rohner site in Pratteln compared to the original expectations through operational measures and the sale of a complete production facility including building. As a result, a total of TCHF 8,000 of the estimated provisions were released.
The ordinary expenses for maintenance and repairs of the Pratteln site amounted to TCHF 1,023 in the reporting year (2019: TCHF 1,287).

23 Energy and service charges

in TCHF	2020	Restated 2019[1]
Energy costs and building maintenance	–4,360	–1,912
- thereof Pratteln site in deconstruction phase	–2,497	–430

[1] Restated due to changes in accounting policies (restatement presentation without impact on net profit, mainly gross/net presentation of incidental expenses), see note 15
In the position 'Energy and building maintenance', the ancillary costs, which were charged to tenants in the amount of TCHF 827 in prior year, were now shown net.

24 Office, administrative and development expenses

in TCHF	2020	2019
Büro, Verwaltungs- und Entwicklungsaufwand	–7,121	–27,278
- davon Liegenschaftsaufwand	–1,306	–1,754
- davon Produktionsanlage Pratteln	–43	–343
- davon Cloud Services	–8	–21,314

Property expenses consist primarily of local property administration fees, initial letting fees and valuations of the portfolio.

Due to the decision of the Board of Directors on 13 August 2019 to discontinue the Cloud Services segment, Cloud Services expenses have decreased significantly compared to the previous year.

25 Rent and leases

in TCHF	2020	2019
Office rent and leases	–983	–994
Rent cloud services	–10	–213
Building rights	–681	–733
Total	**–1,675**	**–1,940**

The position "Office rent and leases" includes rent for the Cloud Services segment in the amount of TCHF 221 (2019: TCHF 346).

26 Amortisation

in TCHF	2020	2019
Other property, plant and equipment	–396	–382
Intangible fixed assets	–	–25
Multicloud infrastructure	–	–40,129
Total	**–396**	**–40,536**

Following the decision of the Board of Directors on 13 August 2019 to discontinue the Cloud Services business model, the entire Multicloud infrastructure was impaired as at 31 December 2019. For this reason, there is no further depreciation for the multicloud infrastructure in the reporting year.

27 Financial income

in TCHF	2020	2019
Securities income	–	9
Exchange rate gains	2	6
Other financial income[1]	966	347
Financial income from the sale of financial assets	–	815
Total	**968**	**1,178**

[1] Thereof TCHF 306 corresponds to the amortisation between the equivalent value received and the repayment amount of the bonds in the reporting year (2019: TCHF 303).

As part of the prior year acquisition of Jaeger et Bosshard SA, a purchase price adjustment was agreed with the former owner, whereby the effectively generated cumulative actual result for the years 2019 to 2023 should reach a value defined in advance. The current assessment shows that the defined value will be undercut over the entire period. As a result, a long-term receivable in the amount of TCHF 560 was capitalised and recognised in financial income under "Other financial income".
In the previous year, the liquidation of Energie Biberist AG resulted in a liquidation surplus of TCHF 815, which is included in the item "Financial income from the sale of financial assets".

28 Financial expenses

in TCHF	2020	2019
Interest expenses from bank financing	–1,407	–1,461
Interest expenses bond	–5,913	–5,449
Bank fees and bank interest	–177	–265
Exchange rate losses	–18	–71
Impairment of financial assets	–1,551	–849
Other interest expenses[1]	–494	–591
Total	**–9,560**	**–8,686**

[1] In 2020, proportional issuing costs of the bond in the amount of TCHF 410 are amortised over the maturity of the bond in the income statement (2019: TCHF 377).

The average interest rates paid for bank liabilities came to 0.96% in the period under review (2019: 0.9%). The fluctuation corridor for interest rates was between 0.5% and 2.9% (2019: between 0.5% and 3.4%). Interest rates for construction loans for site development projects amounting to TCHF 48 were capitalised (2019: TCHF 141).

The position "Impairment of financial assets" contains the impaired of two loans to third parties in the amount of TCHF 1,551 (2019: TCHF 843). The entire loan amount was fully impaired in the reporting year, as repayment by the borrower is unlikely at the present time or the financial situation of the counterparty has been classified as critical.

29 Taxes

in TCHF	2020	2019
Income taxes	–1,909	–286
Deferred taxes	–4,403	15,186
Capitalisation of tax losses carried forward	707	513
Use of capitalised tax losses carried forward	–502	–320
Total	–6,107	15,093

In the reporting period, provisions for deferred taxes of TCHF 4,403 were created (2019: release of TCHF 15,186). The formation of the provision in the reporting year was mainly related to the positive change in value from the revaluation of real estate investments in the reporting year. The reversal of the provision in the previous year was mainly related to the cantonal tax rate reductions (TCHF 10,277) and the negative change in value from the revaluation of real estate investments in the reporting year.

As it is probable that taxable profits can be offset against corresponding loss carryforwards, an economic benefit of TCHF 707 was capitalised in the 2020 financial year (2019: TCHF 513). The capitalisation corresponds to the expected economic benefit within the next 12 months. Of the capitalised tax loss carryforwards as of 31 December, 2020, TCHF 390 was used in the 2020 financial year (2019: TCHF 3) and TCHF 115 was released without being used.

As of the balance sheet date, the companies of the Group have unrecognised tax loss carryforwards totalling TCHF 231,783 (2019: TCHF 238,916). Potential tax reductions due to as yet unrecognised tax loss carryforwards amounted to TCHF 37,644 (2019: TCHF 38,144) as of 31 December 2020. From today's perspective, this potential tax reduction is not recoverable.

The average applicable tax rate, calculated on the basis of the ordinary result, amounted to 12.3% in 2020 (2019: 13.8%). The tax effect from the use of unrecognised tax loss carryforwards amounted to TCHF 0 in 2020 (2019: TCHF 5).

30 Leasing liabilities

Liabilities from off-balance sheet operating leases mature as follows:

in TCHF	31.12.2020	31.12.2019
Up to 1 year	700	771
Between 2 and 4 years	1,418	1,291
Over 5 years	965	1,194
Total	3,083	3,256

The off-balance sheet liabilities from operating leases are related mainly to the rental agreements of the HIAG offices in Basel, Zurich, Geneva and Wallisellen.

31 Shareholders' equity

Composition of share capital in CHF	31.12.2020	31.12.2019
Registered shares as at 31 December (Nominal value: CHF 1)	8,433,000	8,050,000
Total	8,433,000	8,050,000

On 31 December 2020, share capital consisted of 8,433,000 registered shares at a nominal value of CHF 1.00 per share (2019: 8,050,000). Each share is entitled to one vote. Pursuant to Article 3 of the Articles of Incorporation, the Board of Directors is authorised to increase the share capital of the company by a maximum of TCHF 1,217 until 23 April 2022. As at 31 December 2020, conditional share capital came to TCHF 350 (2019: TCHF 350). The non-distributable statutory and legal reserves come to TCHF 1,610 (2019: TCHF 1,610).

Earnings and shareholders' equity (NAV) per share in TCHF except earnings per share	01.01.-31.12.2020	01.01.-31.12.2019
Net income	55,159	–70,749
Time-weighted average number of shares outstanding	8,091,020	7,996,265
Earnings per average registered share outstanding	6.82	–8.85
Undiluted earnings per share	6.82	–8.85
Diluted earnings per share	6.82	–8.85

in CHF	31.12.2020	31.12.2019
Shareholders' equity (NAV) per outstanding registered share, before deferred taxes	99.43	92.60
Shareholders' equity (NAV) per outstanding registered share, after deferred taxes	90.72	84.01

As at 31 December 2020, there were no dilutive effects.

32 Significant shareholders

Voting rights	31.12.2020	31.12.2019
Lock-up group composed of:	62.9%	65.5%
SFAG Holding AG		
Dr. Felix Grisard		
HIAG Beteiligung Holding AG[1]		
Grisgros AG[2]		
Senft AG[3]		

[1] HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard.
[2] Grisgros AG is controlled by Andrea Grisard.
[3] Senft AG is controlled by Salome Grisard Varnholt.

The members of this shareholder group signed a shareholders' agreement on 14 April 2014 concerning shares of SFAG Holding AG. With 48.1% (2019: 50.0%) of shares, SFAG Holding AG is the majority shareholder of HIAG Immobilien Holding AG. By signing these shareholders' agreements, the shareholders of SFAG Holding AG and SFAG Holding AG became a group within the meaning of Art. 121 of the FINMA Stock Exchange Ordinance.

Shares held by current members of the executive and supervisiory board	31.12.2020	31.12.2019
Dr. Felix Grisard, President of the Board of Directors[1]	184,593	184,593
HIAG Beteiligung Holding AG[2]	395,000	395,000
Senft AG[3]	282,896	282,896
Dr. Walter Jakob, Member of the Board of Directors	2,500	2,500
Balz Halter, Member of the Board of Directors	8,418	4,000
Dr. Jvo Grundler, Member of the Board of Directors and Executive Board	47,085	43,762
Marco Feusi, CEO	5,572	–
Laurent Spindler, CFO	6,784	6,391
Total	932,848	919,142

1 Dr. Felix Grisard and Salome Grisard Varnholt are shareholders in the Board of Directors of SFAG Holding AG, which holds 4,058,704 shares (2019: 4,025'805) in HIAG Immobilien Holding AG. With 48.1% of shares (2019: 50.0%), SFAG Holding AG is the main shareholder of HIAG Immobilien Holding AG. Dr Felix Grisard and Salome Grisard Varnholt jointly hold two thirds of the shares of SFAG Holding AG directly and indirectly.
2 HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard.
3 Senft AG is controlled by Salome Grisard Varnholt.

33 Treasury shares

TCHF except for number of shares	Number of shares	31.12.2020	31.12.2019
Book value as at 1 Januar	49,915	6,081	6,921
Purchase	–	–	1,732
Sale	–6,973	–870	–2,572
Book value as at 31 December	42,942	5,211	6,081

During the reporting period, no shares of HIAG Immobilien Holding AG were purchased by the company. 6,973 shares were allotted or sold to employees Since the sale and allotment took place with deduction of the employee discount permitted for tax purposes, a loss of TCHF 246 (2019: TCHF 13) was realised on this sale and booked against the statutory capital reserves.

As at 31 December 2020, the Company held 42,942 treasury shares (2019: 49,915 shares).

34 Other pledged assets

Rental deposits of TCHF 104 (2019: TCHF 104) and cash and cash equivalents of TCHF 164 in connection with rental deposits (2019: TCHF 164) are pledged as of 31. December 2020.

35 Assets assigned to secure own liabilities

in TCHF	31.12.2020	31.12.2019
Other current receivables	1,522	1,350
Other current non-receivables	300	–
Total	1,822	1,350

In the reporting year, TCHF 300 of the escrow account was reclassified from other current receivables to other non-current receivables, as the release will not take place within the next 12 months. In addition, a new guarantee was concluded in connection with a new construction project in the amount of TCHF 472.

36 Contingent liabilities and other obligations not recognised in the balance sheet

in TCHF	31.12.2020	31.12.2019
Guarantees to third parties	30,501	32,116
Total	**30,501**	**32,116**

As part of the acquisition of the shareholding in Jaeger et Bosshard SA, which took place in the reporting year, a purchase price adjustment clause was contractually agreed. If the actual cumulative result of Jaeger et Bosshard SA for the years 2019 - 2023 is lower than CHF 7.5 million, the purchase price paid is reduced by the difference between CHF 7.5 million and the actual cumulative result. If the actual cumulative result generated in the years 2019 - 2023 is higher than CHF 7.5 million, the purchase price paid increases by the difference between CHF 7.5 million and the actual cumulative result generated. As the management does not expect the actual cumulative result of the years 2019 - 2023 to be higher than CHF 7.5 million based on the actual result of the year 2020, no provision for a purchase price adjustment was made as at 31 December 2020. The current assessment shows that the defined value will be undercut over the entire period. Consequently, a long-term receivable of TCHF 560 was capitalised. In the income statement, this value is included in financial income.

37 Treatment of goodwill

Goodwill is recorded under retained earnings at the time of purchase. The impact of a goodwill useful life of five years on shareholders' equity and the result is documented below.

Impact of a theoretical capitalisation of goodwill on the balance sheet:

in TCHF	31.12.2020	31.12.2019
Reported shareholders' equity (excl. minority interest)	**761,122**	**672,085**
Equity ratio	45.0%	41.3%
Acquisition value of goodwill		
As at the beginning of the business year	7,838	1,276
Additions	–	6,562
As at the end of the business year	7,838	7,838
Accumulated amortisation		
As at the beginning of the business year	1,932	1,085
Amortisations for the current year	1,312	847
As at the end of the business year	3,245	1,932
Theoretical net book value of goodwill	4,593	5,906
Theoretical shareholders' equity including net book value of goodwill	765,867	677,991
Theoretical equity ratio	45.3%	41.6%

Impact of a theoretical capitalisation of goodwill on net income:

in TCHF	2020	2019
Net income (excl. minority share)	55,159	–70,749
Theoretical amortisation of goodwill	–1,312	–847
Net income after amortisation of goodwill	**53,847**	**–71,596**

General Property Details

Yielding portfolio

																		Lettable area (%, sqm)							Full occupancy property income (CHFm)							Effective Area to be developed (sqm)					
Property ID	Canton	Municipality	Property	Main use[1]	Market value (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Residential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Residential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Residential	Residential & Commercial	Industry	Commercial	Office	Total
10201	AG	Kleindöttingen	Industriestrasse 39-41	Industrial		1.5	1.5	100%	65'356	1997/2007	2019	-	3.6	Sole ownership	100%	-	-	-	20%	-	79%	1%	-	18'363	-	0.2	-	1.0	0.0	0.3	1.5	-	-	-	-	-	-
10202	AG	Kleindöttingen	Industriestrasse 14/20/26/30/34/46	Industrial		1.8	1.8	99%	38'314	1971	2012	-	4.3	Sole ownership	100%	-	-	-	14%	-	68%	17%	-	17'006	-	0.4	-	1.5	0.0	-	1.9	-	-	-	-	-	-
10203	AG	Kleindöttingen	Industriestrasse 3, 40-44	Industrial		1.5	1.0	68%	14'517	1971	1999	2008	4.5	Sole ownership	100%	-	-	-	19%	-	74%	7%	-	15'461	-	0.3	-	1.1	0.1	0.0	1.5	-	-	-	-	-	-
10204	AG	Kleindöttingen	Hauptstrasse 70	Industrial		0.3	0.3	76%	6'625	1961	1977	-	4.7	Sole ownership	100%	-	-	-	-	-	83%	17%	-	4'775	-	-	-	0.4	-	-	0.4	-	-	-	-	-	-
10207	AG	Kleindöttingen	Industriestrasse 21	Industrial		0.7	0.5	68%	12'849	1969	1974	-	4.7	Sole ownership	100%	-	-	-	6%	-	48%	39%	6%	11'359	-	0.1	-	0.5	0.1	0.0	0.7	-	-	-	-	-	-
13401	AG	Klingnau	Weierstrasse 5 / Kanalstrasse 8	Industrial		0.9	0.1	13%	12'984	1965	2008	-	4.7	Sole ownership	100%	-	-	-	10%	-	75%	15%	-	9'015	-	0.1	-	0.8	-	0.0	0.9	-	-	-	-	-	-
13402	AG	Klingnau	Industriestrasse 7	Industrial		0.4	0.2	55%	5'529	1955	-	-	4.7	Sole ownership	100%	-	-	-	4%	-	90%	5%	-	5'914	-	0.0	-	0.4	0.0	0.0	0.4	-	-	-	-	-	-
13403	AG	Klingnau	Industriestrasse 4/10, Brühlstrasse 46-50	Industrial		0.9	0.7	81%	13'009	1955	2008	-	4.7	Sole ownership	100%	-	-	-	3%	-	73%	23%	-	10'428	-	0.1	-	0.7	-	0.0	0.9	-	-	-	-	-	-
13404	AG	Klingnau	Brühlstrasse 33-41	Industrial		0.2	0.2	94%	6'170	1953	1955	-	4.9	Sole ownership	100%	-	-	-	11%	-	43%	46%	-	5'741	-	-	-	0.2	0.0	0.0	0.2	-	-	-	-	-	-
22501	VD	Yverdon	Route de Grandson 48	Industrial		1.7	1.5	84%	19'758	1910	2013	-	3.9	Sole ownership	100%	Yes	-	1%	12%	-	59%	28%	-	20'343	-	0.3	-	1.1	0.3	-	1.7	-	-	-	-	-	-
26101	AG	Bremgarten	Luzernerstrasse 48-50	Industrial		1.6	1.6	100%	20'613	1983	2017	-	3.9	Sole ownership	100%	-	-	-	22%	-	63%	-	-	13'260	-	0.4	-	1.1	-	0.0	1.6	-	-	-	-	-	-
30402	ZH	Aathal	Gstalderstrasse 5	Industrial		0.5	0.4	95%	16'250	1960	1964	-	4.5	Sole ownership	100%	-	-	-	-	-	-	100%	-	4'753	-	-	-	-	0.4	0.1	0.5	-	-	-	-	-	-
31401	SG	Goldach	Langrütistrasse 19	Industrial		2.8	2.8	100%	63'631	1973/1995	2020	-	3.6	Sole ownership	100%	-	-	-	-	-	100%	-	-	47'594	-	-	-	2.8	-	-	2.8	-	-	-	-	-	-
33101	ZH	Wädenswil	Seestrasse 205/219, Bürglistrasse 43	Industrial		0.9	0.9	100%	11'105	1916	-	-	3.5	Sole ownership	100%	-	-	-	3%	-	67%	30%	-	11'986	-	0.1	-	0.6	0.2	0.0	0.9	-	-	-	-	-	-
35001	GL	Diesbach	Legler Fabrik	Industrial		0.0	0.0	81%	9'890	1910	1996	-	3.8	Sole ownership	100%	-	-	-	-	-	100%	-	-	170	-	-	-	0.0	-	-	0.0	-	-	-	-	-	-
36110	SO	Biberist	MEG Emenkanal, land	Industrial		0.0	0.0	-	-	-	-	-	5.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
62001	BL	Allschwil	Binningerstrasse 87-89	Industrial		0.4	0.4	100%	1'999	1809	1957	-	3.8	Sole ownership	100%	-	-	11%	16%	-	73%	-	-	2'443	0.1	0.1	-	0.2	-	0.0	0.4	-	-	-	-	-	-
			Total Industrial		272.4	16.0	13.8		318'599															198'611	0.1	2.0	0.0	12.4	1.1	0.5	16.0	,0	,0	,0	,0	,0	,0
10502	TG	Ermatingen	Hauptstrasse 189	Logistics		0.4	0.4	100%	12'257	1994	-	-	4.6	Sole ownership	100%	-	-	-	-	-	-	100%	-	3'301	-	-	-	0.4	-	0.1	0.4	-	1,559	-	-	-	1,559
10601	BL	Füllinsdorf	Wölferstrasse 27/27a	Logistics		0.9	0.8	97%	16'000	1971	1983	2015	4.0	Sole ownership	100%	-	-	-	4%	-	10%	86%	-	13'723	-	0.1	-	0.2	0.6	0.0	0.9	-	-	-	-	-	-
10701	GE	Carouge	Rue Baylon 13-15	Logistics		1.5	1.3	90%	10'871	1970	2003	-	3.9	Building right	100%	-	-	-	10%	-	89%	1%	-	10'749	-	0.2	-	1.2	0.0	0.0	1.5	-	-	-	-	-	-
12801	SG	St. Margrethen	Plot no. 2957	Logistics		0.1	0.1	100%	13'880	-	-	-	2.6	Building right	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-
36104	SO	Biberist	Fabrikstrasse 36-38	Logistics		1.5	1.5	100%	23'000	1991	-	-	3.8	Sole ownership	100%	-	-	-	6%	-	92%	-	2%	3'797	-	-	-	1.5	-	-	1.5	-	-	-	-	-	-
60402	BL	Birsfelden	Langenhagstrasse 6/10/18	Logistics		1.0	1.0	100%	8'383	1960	2006	2017	3.9	Sole ownership	100%	-	-	-	14%	-	82%	5%	-	6'992	-	0.1	-	0.8	0.0	0.0	1.0	-	-	-	-	-	-
69901	AG	Brunegg	Breitackerstrasse 10	Logistics		1.7	1.7	100%	28'142	1993	-	2013	3.6	Sole ownership	100%	-	-	-	1%	-	95%	-	4%	16'342	-	0.0	-	1.6	-	0.1	1.7	-	-	10,785	-	-	10,785
70001	AG	Brunegg	Industriestrasse 1	Logistics		1.4	1.4	100%	15'293	1974	1985	2001	4.5	Sole ownership	100%	-	-	-	12%	-	74%	14%	-	10'635	-	0.2	-	1.1	0.1	0.0	1.4	-	-	-	-	-	-
			Total Logistics		132.0	8.4	8.2		127'826															65'539	0.0	0.6	0.0	6.6	0.8	0.3	8.4	,0	1,559	10,785	,0	,0	12,344
29001	GE	Meyrin	Route du Nant d'Avril 150, Hive I	Office		2.3	1.5	67%	7'681	1981	2019	-	3.7	Building right	100%	-	-	-	100%	-	-	-	-	8'699	-	2.3	-	-	-	-	2.3	-	-	-	-	-	-
29002	GE	Meyrin	Route du Nant d'Avril 150, Hive II	Office		2.5	2.5	98%	6'821	2017	-	-	3.2	Building right	100%	-	-	-	81%	-	-	19%	-	8'015	-	2.1	-	-	0.0	0.4	2.5	-	-	-	-	-	-
31501	TG	Frauenfeld	Walzmühlestrasse 47	Office		0.2	0.2	100%	2'189	1926	2017	-	3.7	Sole ownership	100%	-	-	-	58%	-	21%	21%	-	1'021	-	0.1	-	0.1	0.0	-	0.2	-	-	-	-	-	-
32106	AG	Windisch	Dorfstrasse 69	Office		0.5	0.5	88%	2'466	1959	-	2008	4.2	Sole ownership	100%	-	-	-	89%	-	-	10%	1%	3'147	-	0.5	-	-	-	-	0.5	-	-	-	-	-	-
34001	AG	Brugg	Wildischachenstrasse 12-14	Office		0.6	0.5	95%	11'080	1960	-	-	4.4	Sole ownership	100%	-	-	-	70%	-	-	7%	23%	4'762	0.0	0.5	-	-	0.0	-	0.6	-	-	-	-	-	-
35002	GL	Diesbach	Hauptstrasse 38-40	Office		0.0	0.0	51%	7'683	1961	1970	-	3.8	Sole ownership	100%	-	-	100%	-	-	-	-	-	200	0.0	-	-	-	-	-	0.0	-	-	-	-	-	-
60401	BL	Birsfelden	Sternenfeldpark 14	Office		1.5	0.8	54%	3'554	2009	-	-	4.7	Sole ownership	100%	-	-	-	58%	-	42%	-	-	10'165	-	0.9	-	0.5	0.1	-	1.5	-	-	-	-	-	-
			Total Office		140.8	7.6	6.0		41'474															36'009	0.0	6.5	0.0	0.6	0.2	0.4	7.6	,0	,0	,0	,0	,0	,0
10104	ZH	Dietikon	Riedstrasse 11	Others		0.0	0.0	100%	930	-	-	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	-	-
10801	BS	Riehen	Plot no. 1700	Others		0.2	0.2	100%	5'485	-	-	-	2.5	Building right	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-
30501	ZH	Aathal/Wetzikon	Agricultural land / land without use	Others		0.0	0.0	100%	196	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32107	AG	Windisch	Kunzareal - Heinrich	Others		0.2	0.1	77%	3'252	1960	-	2017	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-
35004	GL	Diesbach	Power plant	Others		0.7	0.7	100%	-	1996	-	2015	4.6	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.7	-	-	-	-	-	-
36112	SO	Biberist	Power plant	Others		0.2	0.2	100%	-	1984	-	2014	4.6	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-
36204	SO	Biberist	Derendingerstrasse 16 (Plot no. 944, 1172, 1179)	Others		0.0	0.0	-	-	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60601	SO	Gempen	Schartenhof	Others		0.0	0.0	100%	2'331	1950	-	2006	2.0	Sole ownership	100%	-	-	100%	-	-	-	-	-	162	0.0	-	-	-	-	0.0	0.0	-	-	-	-	-	-
			Total Others		20.0	1.3	1.2		12'194															162	0.0	0.0	0.0	0.0	0.0	1.3	1.3	,0	,0	,0	,0	,0	,0

General Property Details

Property ID	Canton	Municipality	Property	Main use[1]	Market value (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Lettable area (%, sqm): Residential	Lettable area: Office	Lettable area: Retail	Lettable area: Industry/Logistics	Lettable area: Storage	Lettable area: Others	Lettable area: Total	Full occupancy property income (CHFm): Residential	Income: Office	Income: Retail	Income: Industry/Logistics	Income: Storage	Income: Others	Income: Total	Effective Area to be developed (sqm): Residential	Effective Area: Residential & Commercial	Effective Area: Industry	Effective Area: Commercial	Effective Area: Office	Effective Area: Total
18101	ZG	Cham	Lorzenparkstrasse 2-16	Res. mixed		3.2	3.1	98%	13'537	2008	-	-	3.4	Sole ownership	100%	-	-	38%	26%	-	23%	6%	7%	14'812	1.3	1.3	-	0.6	-	-	3.2	-	-	-	-	-	-
30002	ZH	Aathal	Zürichstrasse 50-62/192	Res. mixed		0.2	0.2	100%	6'639	1849	1880	1985	4.0	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'096	0.2	-	-	-	-	0.0	0.2	-	-	-	-	-	-
30601	ZH	Aathal	Zürichstrasse 34	Res. mixed		0.0	0.0	84%	257	1860	-	1990	3.6	Sole ownership	100%	-	-	66%	-	-	34%	-	-	94	0.0	-	-	0.0	-	-	0.0	-	-	-	-	-	-
30603	ZH	Aathal	Zürichstrasse 22-24	Res. mixed		0.1	0.1	100%	3'567	1870	1860	1989	4.1	Sole ownership	100%	-	-	39%	37%	-	-	1%	23%	1'682	0.0	0.1	-	-	0.0	-	0.1	-	-	-	-	-	-
31502	TG	Frauenfeld	Walzmühlestrasse 49	Res. mixed		0.8	0.6	83%	2'043	1922	2017	-	3.4	Sole ownership	100%	-	-	45%	44%	-	-	-	11%	3'451	0.4	0.3	-	-	-	0.1	0.8	-	-	-	-	-	-
13406	AG	Klingnau	Parkstrasse 15-29	Residential		1.2	1.0	86%	13'071	1999	2008	-	3.2	Sole ownership	100%	-	-	91%	-	-	-	-	9%	6'309	1.1	-	-	-	-	0.1	1.2	-	-	-	-	-	-
13407	AG	Klingnau	Parkstrasse 7-13	Residential		0.5	0.4	66%	6'075	1999	2008	-	3.3	Sole ownership	100%	-	-	92%	-	-	-	-	8%	2'911	0.5	-	-	-	-	-	0.5	-	-	-	-	-	-
30001	ZH	Aathal	Zürichstrasse 66-80	Residential		0.3	0.3	88%	7'861	1870	1915	1988	3.4	Sole ownership	100%	-	-	100%	-	-	-	-	-	2'139	0.3	-	-	-	0.0	0.0	0.3	-	-	-	-	-	-
30404	ZH	Aathal	Zürichstrasse 1-7	Residential		0.1	0.1	100%	4'343	1900	-	1995	3.4	Sole ownership	100%	-	-	100%	-	-	-	-	-	729	0.1	-	-	-	-	0.0	0.1	-	-	-	-	-	-
30802	ZH	Wetzikon	Zürcherstrasse 130-132/131-133	Residential		0.1	0.1	98%	-	1839	-	2003	3.4	Sole ownership	100%	-	-	100%	-	-	-	-	-	551	0.1	-	-	-	-	0.0	0.1	-	-	-	-	-	-
30901	ZH	Wetzikon	Grundstrasse 6-10	Residential		0.1	0.1	97%	1'745	1895	-	1990	2.9	Sole ownership	100%	-	-	100%	-	-	-	-	-	433	0.1	-	-	-	-	0.0	0.1	-	-	-	-	-	-
30902	ZH	Wetzikon	Schulhausstrasse 42-44	Residential		0.1	0.1	100%	2'076	1840	-	1982	2.7	Sole ownership	100%	-	-	100%	-	-	-	-	-	500	0.1	-	-	-	-	0.0	0.1	,870	-	-	-	-	,870
30904	ZH	Wetzikon	Usterstrasse 128	Residential		0.2	0.2	93%	1'569	1870	2007	-	2.8	Sole ownership	100%	-	-	98%	-	-	-	-	2%	1'065	0.2	-	-	-	-	0.0	0.2	-	-	-	-	-	-
30905	ZH	Wetzikon	Haldenstrasse 20	Residential		0.3	0.3	94%	1'741	1971	2020	-	2.7	Sole ownership	100%	-	-	100%	-	-	-	-	-	904	0.3	-	-	-	-	-	0.3	-	-	-	-	-	-
30908	ZH	Wetzikon	Weststrasse 26-28	Residential		0.5	0.4	95%	2'444	2020	-	-	2.6	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'510	0.5	-	-	-	-	-	0.5	-	-	-	-	-	,0
30909	ZH	Wetzikon	Florastrasse 9	Residential		0.3	0.3	98%	1'899	1990	2018	-	2.8	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'347	0.3	-	-	-	-	0.0	0.3	-	-	-	-	-	-
30910	ZH	Wetzikon	Usterstrasse 88-104	Residential		0.2	0.2	87%	2'073	1791	2018	-	2.7	Sole ownership	100%	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	0.2	-	-	-	-	-	-
32102	AG	Windisch	Spinnereistrasse 10-12/15	Residential		1.3	1.2	87%	5'122	2014	-	-	3.0	Sole ownership	100%	-	-	100%	-	-	-	-	-	5'317	1.3	-	-	-	-	-	1.3	-	-	-	-	-	-
32108	AG	Windisch	Spitzmattstrasse 6	Residential		1.2	1.2	100%	5'115	1960	-	2018	3.2	Sole ownership	100%	-	-	100%	-	-	-	-	-	8'380	1.2	-	-	-	-	-	1.2	-	-	-	-	-	-
36201	SO	Biberist	Herrenweg 1-7	Residential		0.1	0.1	100%	7'500	1920	-	-	3.0	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'732	0.1	-	-	-	-	-	0.1	-	-	-	-	-	-
36202	SO	Biberist	Derendingerstrasse 18-40, Herrenweg 6	Residential		0.2	0.2	99%	16'394	1920	-	-	3.2	Sole ownership	100%	-	-	100%	-	-	-	-	-	2'610	0.2	-	-	-	-	-	0.2	-	-	-	-	-	-
36203	SO	Biberist	Herrenweg 4/8/10	Residential		0.0	0.0	100%	-	1928	-	1992	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60101	BS	Basel	Rosentalstrasse 27	Residential		0.2	0.2	100%	574	1938	-	-	2.7	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'121	0.2	-	-	-	-	-	0.2	-	-	-	-	-	-
60301	BL	Birsfelden	Weidenweg 8-10	Residential		0.6	0.6	94%	3'798	1989	-	-	2.9	Sole ownership	100%	-	-	100%	-	-	-	-	-	1'976	0.5	-	-	-	-	0.1	0.6	-	-	-	-	-	-
60302	BL	Birsfelden	Hauptstrasse 84-88	Residential		0.6	0.6	87%	1'787	1989	-	-	3.7	Sole ownership	100%	-	-	28%	24%	19%	11%	18%	-	3'157	0.2	0.2	0.1	0.1	0.0	0.1	0.6	-	-	-	-	-	-
			Total Residential		262.2	12.6	11.6		111'230															63'826	9.4	1.9	0.1	0.6	0.1	0.4	12.5	,870	,0	,0	,0	,0	,870
10101	ZH	Dietikon	Riedstrasse 3	Retail		2.5	1.2	47%	13'690	1982	2002	2007	4.4	Sole ownership	100%	-	-	-	13%	37%	8%	5%	38%	17'003	-	0.3	1.2	0.2	0.1	0.7	2.5	-	-	-	-	-	-
10102	ZH	Dietikon	Riedstrasse 5	Retail		2.2	2.1	96%	13'500	1982	-	1993	3.9	Sole ownership	100%	-	-	-	7%	80%	-	13%	-	9'240	-	0.1	2.0	-	0.0	0.1	2.2	-	-	-	-	-	-
10103	ZH	Dietikon	Riedstrasse 7-9	Retail		0.0	0.0	-	10'543	1982	-	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,600	-	16,600
30401	ZH	Aathal	Zürichstrasse 13-25	Retail		2.4	2.0	83%	16'597	1862	2014	-	4.2	Sole ownership	100%	-	-	2%	29%	36%	3%	18%	11%	13'757	0.0	0.5	0.8	0.3	0.4	0.4	2.4	-	-	-	-	-	-
31601	NE	Neuchâtel	Rue du Plan 30	Retail		1.6	1.3	79%	7'978	1963	-	2019	4.0	Sole ownership	100%	-	-	-	19%	36%	42%	-	3%	8'228	-	0.3	0.7	0.5	-	0.1	1.6	-	-	-	-	-	-
70401	AG	Buchs	Fabrikweg 12	Retail		0.4	0.4	100%	18'211	1988	-	2007	4.0	Building right	100%	-	-	-	39%	-	61%	-	-	4'950	-	0.2	-	0.2	-	-	0.4	-	-	-	-	-	-
			Total Retail		198.4	9.1	7.0		80'519															53'178	0.0	1.5	4.7	1.2	0.6	1.2	9.1	,0	,0	,0	16,600	,0	16,600
				Total Yielding Portfolio	**1'025.8**	**54.9**	**47.8**	**87.0%**	**691'842**															**417'324**	**9.6**	**12.5**	**4.8**	**21.4**	**2.6**	**4.1**	**55.0**	**,870**	**1,559**	**10,785**	**16,600**	**,0**	**29,814**

1 Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use

2 Net site area does not include agricultural land and land without utilisation (total approximately 1.0 million sqm)

3 Second building phase

General Property Details

Development portfolio

Property ID	Canton	Municipality	Property	Main use[1]	Market value[4] (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Effective Area to be developed (sqm)					
																		Residential	Residential & Commercial	Industry	Commercial	Office	Total
10208	AG	Kleindöttingen	Plot no. 420	Others		0.0	0.0	-	43'400	-	-	-	2.0	Sole ownership	100%	-	-	-	31,046	-	-	-	31,046
13405	AG	Klingnau	Schützenmattstrasse 7, Parkstrasse 14	Industrial		0.3	0.3	88%	11'035	1949	1961	-	2.0	Sole ownership	100%	-	-	-	6,621	-	-	-	6,621
13408	AG	Klingnau	Weierstrasse 8	Others		0.0	0.0	-	2'144	-	-	-	2.0	Sole ownership	100%	-	-	-	,920	-	-	-	,920
32105	AG	Windisch	Kunzareal - Zentrum West	Industrial		0.1	0.1	100%	2'481	1827	1890	-	3.4	Sole ownership	100%	-	-	-	1,480	-	-	-	1,480
34002	AG	Brugg	Wildischachenstrasse 16	Industrial		1.4	1.1	80%	33'505	1960	-	-	4.6	Sole ownership	100%	-	-	-	-	-	24,154	-	24,154
40101	AG	Menziken	Hauptstrasse 85	Others		0.0	0.0	-	10'717	1911	-	-	3.4	Sole ownership	100%	-	-	-	9,600	-	-	-	9,600
72001	AG	Hausen/Lupfig	Hauptstrasse 96 / Hauptstrasse 98-100	Others		0.0	0.0	100%	64'258	-	-	-	2.0	Sole ownership	100%	Yes	-	-	-	32,173	-	-	32,173
61101	BL	Aesch	Industriestrasse 45-61	Industrial		0.9	0.7	80%	35'932	1900	1940	-	4.5	Sole ownership	100%	-	-	-	-	-	9,180	-	9,180
63001	BL	Pratteln	Güterstrasse 23-29, Gempenstrasse 6/6a	Others		0.0	0.0	-	31'585	1949	2002	-	2.0	Sole ownership	100%	-	-	-	47,000	-	-	-	47,000
			Total North-West Switzerland		97.3	2.7	2.2		235'057									,0	96,667	32,173	33,334	,0	162,174
18103	ZG	Cham	Plot no. 3165 Yielding stage 1	Others		0.1	0.1	77%	11'535	-	-	-	3.0	Sole ownership	100%	-	-	-	11,680	-	-	-	11,680
18105	ZG	Cham	Plot no. 3165 Promotion stage 1	Others		0.0	0.0	-	2'363	-	-	-	0.0	Promotion project	100%	-	-	5,450	-	-	-	-	5,450
18104	ZG	Cham	Plot no. 3165 Yielding stage 2	Others		0.0	0.0	-	12'333	-	-	-	3.3	Sole ownership	100%	-	-	-	12,800	-	-	-	12,800
			Total Central Switzerland		84.2	0.1	0.1		26'231									5,450	24,480	,0	,0	,0	29,930
10301	ZH	Niederhasli	Mandachstrasse 50-56	Office		3.2	2.3	70%	10'918	1992	2007	-	4.5	Sole ownership	100%	-	-	-	6,400	-	-	-	6,400
10302	ZH	Niederhasli	Stationstrasse 25	Industrial		0.6	0.4	57%	16'691	1991	-	-	3.1	Sole ownership	100%	-	-	-	11,937	-	-	-	11,937
10303	ZH	Niederhasli	Stationstrasse 27-32, Parzelle 3131	Industrial		1.5	1.5	100%	28'122	1955	2019	-	3.5	Sole ownership	100%	-	-	-	-	-	-	7,050	7,050
10901	ZH	Altstetten	Freihofstrasse 25	Industrial		0.5	0.5	100%	7'807	1953/1962	-	-	2.7	Sole ownership	100%	-	-	-	13,162	-	-	-	13,162
30101	ZH	Aathal	Plot no. 3990	Others		0.1	0.1	100%	8'163	-	-	-	4.0	Sole ownership	100%	-	-	-	-	-	-	-	-
30201	ZH	Aathal	Zürichstrasse 27/33-39, Gstalderstrasse 4	Residential		0.1	0.1	99%	23'938	1850	1870	1990	3.8	Sole ownership	100%	-	-	1,242	6,270	-	-	-	7,512
30403	ZH	Aathal	Gstalderstrasse 3	Industrial		0.0	0.0	100%	1'067	1870	-	1993	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-
30602	ZH	Aathal	Chälenweg 1/11/164, Aretsh. 1-7/11-21/158	Residential		0.2	0.2	99%	10'069	1440	-	1988	3.7	Sole ownership	100%	-	-	-	-	-	-	-	-
30801	ZH	Wetzikon	Usterstr. 200-202/206, Zürichstr. 119-121	Industrial		0.3	0.3	87%	14'653	1872	1900	1993	4.3	Sole ownership	100%	-	-	-	8,695	-	-	-	8,695
30906	ZH	Wetzikon	Schönaustrasse 5-13	Residential		0.2	0.2	98%	17'055	-	-	1943	2.8	Sole ownership	100%	-	-	7,510	-	-	-	-	7,510
30907	ZH	Wetzikon	Schönaustrasse 9	Others		0.1	0.1	100%	8'267	-	-	-	2.8	Sole ownership	100%	-	-	7,500	-	-	-	-	7,500
			Total Zurich		196.3	6.9	5.6		146'750									16,252	46,464	,0	,0	7,050	69,766
22201	GE	Vernier	Chemin de la Verseuse 1-3	Others		0.0	0.0	-	4'507	1964	-	-	3.9	Sole ownership	100%	-	-	-	-	-	8,254	-	8,254
22301	GE	Lancy	Route des Jeunes 20-26	Industrial		0.6	0.6	100%	13'362	1960	-	-	3.9	Building right	100%	-	-	-	-	-	60,312	-	60,312
29004	GE	Meyrin	Route du Nant d'Avril 150, Pavillon	Others		0.2	0.2	100%	952	2020	-	-	3.3	Building right	100%	-	-	-	-	-	-	-	,0
29005	GE	Meyrin	Route du Nant d'Avril 150, LEM	Industrial		0.0	0.0	-	5'540	2020	-	-	3.2	Building right	100%	-	-	-	-	-	-	7,345	7,345
29101	GE	Meyrin	Chemin du Grand-Puits 28	Industrial		0.0	0.0	-	10'383	1965	-	-	3.9	Sole ownership	100%	-	-	-	-	-	15,592	-	15,592
29003	GE	Meyrin	Route du Nant d'Avril 150	Others		0.0	0.0	-	21'972	-	-	-	2	Building right	100%	-	-	-	-	-	-	25,779	25,779
22101	VD	Aigle	Route Industrielle 18	Industrial		0.2	0.2	100%	11'410	1991	-	2014	4	Sole ownership	100%	-	-	-	-	-	2,298	-	2,298
22701	VD	Bussigny	Chemin de Mochettaz 101	Others		0.0	0.0	-	22'319	-	-	-	2.0	Sole ownership	100%	-	-	-	-	26,125	-	-	26,125
20101	VS	St-Maurice	Bois-Noir	Industrial		0.3	0.3	100%	33'281	1960	1970	-	2.0	Sole ownership	100%	-	-	-	-	-	22,500	-	22,500
			Total Lake Geneva region		134.7	1.3	1.3		123'726									,0	,0	26,125	108,956	33,124	168,205
31701	SO	Dornach	Weidenstrasse 50	Industrial		1.0	1.0	98%	136'685	1895	-	-	4.3	Sole ownership	100%	-	-	-	97,051	-	-	-	97,051
36101	SO	Biberist	Fabrikstrasse 2-8	Office		0.2	0.1	44%	22'524	1937	-	-	4.8	Sole ownership	100%	-	-	-	11,392	-	1,888	-	13,280
36102	SO	Biberist	Fabrikstrasse 14-34	Industrial		0.0	0.0	-	44'000	1972	1990	-	5.5	Sole ownership	100%	-	-	-	-	45,954	-	-	45,954
36103	SO	Biberist	Fabrikstrasse 57-115	Industrial		0.7	0.7	100%	40'000	1946	1991	-	5.0	Sole ownership	100%	-	-	-	-	-	12,620	-	12,620
36105	SO	Biberist	Fabrikstrasse 1-29	Industrial		0.3	0.3	100%	19'000	1932	1947	-	5.0	Sole ownership	100%	-	-	-	-	-	-	-	-
36106	SO	Biberist	Fabrikstrasse 3-35	Industrial		0.0	0.0	100%	28'869	1903	1939	-	5.4	Sole ownership	100%	-	-	-	-	42,120	-	-	42,120
36107	SO	Biberist	Fabrikstrasse 31-85	Industrial		0.0	0.0	-	16'000	1946	-	-	5.4	Sole ownership	100%	-	-	22,610	-	-	-	-	22,610
36108	SO	Biberist	Fabrikstrasse Insel	Industrial		0.5	0.5	100%	60'400	1991	-	-	5.0	Sole ownership	100%	-	-	-	-	-	17,700	-	17,700
36109	SO	Biberist	Derendingerstrasse 27-29	Others		0.0	0.0	-	44'183	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-
31602	NE	Neuchâtel	Plot no. 10729	Others		0.0	0.0	-	3'419	-	-	-	2.0	Sole ownership	100%	-	-	4,500	-	-	-	-	4,500
			Total Espace Mittelland region		86.1	2.8	2.7		415'080									27,110	108,443	88,074	32,208	,0	255,835

General Property Details

Property ID	Canton	Municipality	Property	Main use[1]	Market value[4] (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Effective Area to be developed (sqm)					
																		Residential	Residential & Commercial	Industry	Commercial	Office	Total
10501	TG	Ermatingen	Hauptstrasse 181/185	Logistics		0.4	0.4	100%	12'125	1968	1997	-	3.1	Sole ownership	100%	-	-	-	-	-	6,500	-	6,500
31503	TG	Frauenfeld	Walzmühlestrasse 51	Res. mixed		0.0	0.0	-	10'863	1832	2017	-	3.1	Sole ownership	100%	-	-	-	4,417	-	-	-	4,417
31504	TG	Frauenfeld	Walzmühlestrasse Parking	Others		0.0	0.0	100%	3'340	-	-	-	3.8	Sole ownership	100%	-	-	-	-	-	,550	-	,550
			Total Eastern Switzerland		13.5	0.4	0.4		26'328									,0	4,417	,0	7,050	,0	11,467
			Total Developpement Portfolio		**612.1**	**14.2**	**12.3**	**86.3%**	**973'172**									**48,812**	**280,471**	**146,372**	**181,548**	**40,174**	**697,377**

1 **Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use.**

2 **Net site area does not include agricultural land and land without utilisation (total approximately 1.0 million sqm).**

3 **Second building phase.**

4 **Except for promotion project that are recorded at cost. As at 31 December 2020, the property 18105 is recorded at cost.**

Report of the Statutory Auditor on the Consolidated Financial Statements

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To the General Meeting of
HIAG Immobilien Holding AG, Basel

Basle, 12 March 2021

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of HIAG Immobilien Holding AG, which comprise the consolidated balance sheet, the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (pages 70 to 117), for the year ended 31 December 2020.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

Building a better working world

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of Real estate properties (incl. environmental risks)

Risk	As at 31 December 2020, Real estate properties (incl. environmental risks) recognized in the company's consolidated balance sheet amounted to a total of kCHF 1'608'417, representing 95% of total consolidated assets. The valuation of the real estate properties (incl. environmental risks) involved the work of external appraisers and is performed at fair value. The fair value assessment for the real estate properties is based on assumptions, in particular with regard to development risks, rental income, discount rates, vacancy rates as well as operating, maintenance and repair costs. The valuation of Real estate properties is further discussed in section "Significant Accounting and Valuation Policies" and note 5 "Real estate properties" of the notes to the consolidated financial statements. Due to the significance of the carrying amounts and the judgment involved in the assessment of the valuation, this matter was considered significant to our audit.
Our audit response	As part of our audit, we assessed the objectivity, independence and competence as well as the applied valuation models of the external real estate and environmental appraiser. Further, we evaluated on a sample basis the appropriateness of the assumptions used in the valuations, in particular with regard to development risks, rental income and sales revenue, discount rates, vacancy rates as well as operating, maintenance and repair costs. We also assessed the underlying key assumptions of the external real estate and environmental appraiser as we discussed those with management and the external experts. Our audit procedures did not lead to any reservations concerning the valuation of Real estate properties.

Valuation of Deferred tax liabilities

Risk	The recorded Deferred tax liabilities are attributable mainly to valuation differences between the fair values of the properties and the values applicable for tax purposes. As at 31 December 2020, they amounted to kCHF 73'131. The Deferred tax liabilities are discounted at a rate of 2%. The discounting of Deferred tax liabilities is discussed in section "Significant Accounting and Valuation Policies" and note 13 "Deferred Taxes" of the notes to the consolidated financial statements. Due to the significance of the carrying amounts and the judgment involved in determining these (fair value, remaining holding period, discount and tax rates), this matter was considered significant to our audit.
Our audit response	With the involvement of our tax specialists we assessed the assumptions used in determining the Deferred tax liabilities, in particular the estimated holding period of the properties. We compared the assumptions with those of the prior year and our expectations and analyzed deviations. In addition, we assessed the discounting of the deferred tax liabilities. Our audit procedures did not lead to any reservations concerning the approach and valuation of Deferred tax liabilities.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Fabian Meier Licensed audit expert (Auditor in charge)	Daniel Zaugg Licensed audit expert

Wüest Partner AG, Bleicherweg 5, 8001 Zurich

HIAG Immobilien Holding AG
Aeschenplatz 7
4052 Basel

Zurich, 12 February 2021

Independent valuer's report
Real Estate Property Valuation as at 31.12.2020

To the Executive Board of HIAG Immobilien Holding AG

Ref.
118645.2010

Commission
Wüest Partner AG (Wüest Partner) was commissioned by the Executive Board of HIAG Immobilien Holding AG (HIAG) to perform a valuation, for accounting purposes, of the immovable properties held by HIAG in Switzerland as at 31 December 2020 (reporting date). The valuation encompasses all investment properties, sites and development properties, properties for sale, distinct and permanent rights (building rights), co-ownership shares, agricultural land as well as the power plants in Diesbach, Biberist, Oberaathal-Aabach, Wetzikon-Floos und Wetzikon-Schönau.

Valuation standards
Wüest Partner hereby confirms that the valuations were performed in accordance with national and international standards and guidelines.
The property values determined correspond to the current value (market value) as described in Swiss GAAP ARR 18, item 14.

Definition of fair value
«Fair value» is defined as the amount for which a property would most probably be exchanged on the open market on the valuation date between two independent and knowledgeable parties, willing to buy and sell respectively, with due allowance made for a reasonable marketing period.
Property transfer tax, property gains taxes, value added tax and other costs and commission fees that would be incurred if the property were sold are not included (gross market value). Nor is any account taken of HIAG's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

Valuation method
In valuing HIAG's real estate holdings, Wüest Partner applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the

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Regulated by RICS

total of all projected future net earnings discounted to the valuation date. Net income is discounted separately for each property with due allowance for specific opportunities and threats, and adjustment in line with market conditions and risks.

The properties under construction were also valuated using the discounted cash flow method (DCF). The fair value of the project as at valuation date is been inferred in three steps:
- Valuation of the property at the time of completion – taking into account the current occupancy/sales rate, the market and the cost estimation as at valuation date;
- Calculation of the market value as at valuation date, taking into account the projected investments still to be undertaken;
- Estimate of the development risk in relation to the current project status, and its treatment as a separate cash flow of a cost position.

Properties under construction, which are intended for sale (e.g. condominiums), are valued in accordance with Swiss GAAP FER 17 at the lower of acquisition cost or construction cost and net realisable value. This means that work in progress and production costs are capitalised and subsequent valuation is at the lower value.

Basis of valuation
Wüest Partner is familiar with all the properties, having carried out inspections and examined the documentation provided. The properties have been analysed in detail in terms of their quality and risk profiles (attractiveness and lettability of rented premises, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with due allowance made for a reasonable marketing period.
Within the review period from 1 January 2020 to 31 December 2020, Wüest Partner visited 37 properties belonging to HIAG.

Results
A total of 121 investment properties and property units (investment properties, sites and development properties, properties for sale, distinct and permanent rights (building rights), co-ownership shares as well as agricultural land) were valued as at 31 December 2020 by Wüest Partner. The fair value of the property portfolio of HIAG (before deduction of contamination) is estimated as at 31 December 2020 at 1,693,873,815 Swiss Francs.

Changes during reporting period
Within the review period from 1 January 2020 to 31 December 2020 one property in Bussigny was acquired and one property in St. Margrethen was sold.

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Independence and confidentiality

Wüest Partner performed the valuation of HIAG's real estate holdings independently and neutrally in conformity with its business policies. It was carried out solely for those purposes specified above; Wüest Partner shall accept no liability in respect of third parties.

Zurich, 12 February 2021
Wüest Partner AG

Andreas Ammann	Silvana Dardikman
Partner	Director

Annex: valuation assumptions

Investment properties

The investment property valuations are based on the following general assumptions:

- Current value: Investments, that are being held exclusively for yield purposes, are to be valued according to their fair value, their acquisition or construction costs, less the amortizations. The fair value is being estimated based on the future cash-flow or revenue, under consideration of an appropriate risk/return discount rate or other recognized valuation method. Appreciation, reappreciation or depreciation are to be registered in the periodic result.
- Surface areas: The lettable areas were factored into the valuations on the basis of the rent rolls of the HIAG and verbal information provided by HIAG. Discrepancies between this information and the property plans were verified with HIAG.
- Rent rolls: The rent rolls from HIAG used in the valuation are dated 1 January 2021 and were received during the period of September 2020 and December 2020.
- Calculation model: A two-phase DCF model was adopted. The valuation period extends to infinity from the valuation date, with an implicit residual value in the eleventh period. Exceptions are possible in the case of leasehold properties with a corresponding reversion scenario.
- Discounting: Discounting is based on a risk-adjusted interest rate. Rates are determined individually for each property on the basis of appropriate benchmarks derived from arm's-length transactions. They may be broken down as follows: risk-free interest rate + property risk (immobility of capital) + premium for macro-location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums. Real discount rates range between 2.00% and 5.50% depending on the property, use and location.
- Inflation: Unless otherwise stated, the valuations assume 0.5 per cent annual inflation for income and all expenditure. Where a nominal discount rate is applied, this is adjusted accordingly.
- Indexation: Specific indexation of existing rental agreements is accounted for on an individual basis. After expiry of the contracts, an indexation factor of 80 per cent (Swiss average) and an average contract term of 5 years are assumed.
- Credit Risks: Credit risks posed by specific tenants are not explicitly factored into the valuation.
- Timing of payments: For existing tenancies, the timing of individual payments is assumed to comply with the terms of the lease. Following lease expiry, cash flows for commercial premises are taken to be quarterly in advance, for housing monthly in advance.
- Recoverability of ancillary costs: In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner.
- Maintenance costs: The maintenance (repair and upkeep) costs were calculated using a building analysis tool. This tool is used to estimate the remaining lifespan of individual components based on their present condition, to model periodic refurbishments and to calculate the associated annual renewal fund allowances. The calculated values are plausibility tested using cost benchmarks derived from Wüest Partner surveys.

Sites and development properties

Wüest Partner also determined the market values of the sites and development properties. The valuations of these projects are based on the following assumptions:

– Partial plots: Where appropriate, HIAG divides the properties into partial plots. For reasons of transparency, this subdivision is taken over by Wüest Partner in the valuations.
– Project development strategy: Where deemed plausible by Wüest Partner, the strategy in relation to project development/promotion (e.g. sale vs. letting) has been taken over from HIAG.
– Background data: The background data of HIAG are verified and adjusted where appropriate (e.g. utilization, lettable areas, schedule/development process, rental/absorption).
– Impartial view: The valuations are subjected to an impartial assessment of income, costs and investment returns.
– Design-and-build or general service contracts: With regard to the service contracts of general and design-and-build contractors, it is assumed that construction costs have been secured.
– Services provided by project developers: The construction costs include the services of HIAG as the developer's representative and the project developer.
– Objects for sale: Property units intended for sale (e.g. condominiums) are valued "at cost". No selling costs are included in the valuations.
– Preparatory work: Where known, preparatory work is taken into account in construction costs (e.g. remediation of legacy contamination, demolition work, infrastructure).
– Incidental costs: Construction costs include the usual incidental costs such as construction finance, but exclude financing of the plot of land. These costs are implicitly included in the DCF model.
– Services provided to date: Where known, value-relevant services provided to date by third parties or by HIAG in the form of investments made are taken into account.
– VAT opt-in: It is assumed that the income from the planned commercial properties is subject to VAT. The construction costs are therefore presented exclusive of VAT.
– Deferred taxes: The valuations do not include any deferred taxes.

Definition of alternative performance indicators

This page explains key figures used in financial reporting that are not defined according to Swiss GAAP FER or other standards.

Number of shares outstanding
Number of shares issued less treasury shares

Distribution per share
Annual distribution to shareholders in the form of a dividend, a repayment of capital contribution reserves or a par value reduction per share

Distribution ratio
The distribution ratio is the share of the distribution (according to the proposal to the general meeting) in the company's consolidated net income

Distribution yield
Distribution per share divided by the stock market price on the balance sheet date

Dividend yield
The planned dividend (according to the proposal to the General Meeting) per share in relation to the stock market price on the balance sheet date

Market capitalisation
Stock market price on the balance sheet date multiplied by the number of shares issued

Gross yield on investment properties
Target rental income divided by the market value of the investment properties

Group profit excl. revaluation
Net profit excl. change in value from revaluation of real estate investments and attributable deferred taxes

Group earnings per share
Consolidated net profit divided by the weighted average number of shares outstanding during the reporting period

Loan to Value (LTV)
Total financial liabilities less cash and cash equivalents and short-term financial investments in relation to total value of real estate assets

Net Asset Value (NAV)
Net asset value or value of equity as per consolidated financial statements

Target property income
Expected property income at full occupancy before losses for vacancies or rent reductions

Definition of alternative performance indicators

Annualised property income
Dynamic view of property income: annual rent based on existing rental contracts at a defined reporting date

Vacancy rate
Calculated as the sum of all rent losses from unrented space (vacancy) as of the reporting date, divided by the target rental income as of the reporting date

Interest coverage factor
The interest coverage factor is calculated from the operating result before interest, taxes, depreciation and amortisation (EBITDA), excluding changes in value from the revaluation of real estate investments, divided by the interest expense

Remaining term of financial liabilities
Sum of the financial liabilities weighted with the maturities divided by the product of the financial liabilities multiplied by the factor 365.

Interest rate of financial liabilities
Total financial liabilities weighted with interest rates divided by total financial liabilities

EPRA Key Performance Figures

Performance figures according to EPRA

The European Public Real Estate Association (EPRA) is an association of the leading European companies in the real estate industry.
HIAG reports performance measures in accordance with the Best Practices Recommendations of the EPRA Reporting and Accounting Committee dated October 2019. These guidelines apply to accounting periods beginning on 1 January 2020. The new guidelines introduce three new measures of net asset value (EPRA Net Reinstate-ment Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV)), which replace EPRA NAV and EPRA NNNAV and propose additional disclosures in the Capex table. HIAG has made the necessary adjustments to the ratios in accordance with the new recommendations, and has also shown the previously reported EPRA net asset ratios (i.e. EPRA NAV and EP-RA NNNAV) for comparison purposes.

Summary EPRA Performance Measure	Definition	Purpose	31.12.2020	31.12.2019
A. EPRA Earnings per share	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings	CHF 3.31	CHF -8.82
Company specific Adjusted EPS	Company specific Adjusted Earnings		CHF 3.91	CHF -0.08
B. EPRA NAV Metrics per share	EPRA Net Reinstatement Value: Assumes that entities never sell assets and aims to represent the value required to rebuild the entity	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	CHF 105.91	CHF 94.78
	EPRA Net Tangible Assets: Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax		CHF 103.53	CHF 92.84
	EPRA Net Disposal Value: Represents the shareholders' value under a disposal scenario, where de-ferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax		CHF 94.90	CHF 84.23
C. EPRA Net Initial Yield (NIY)	calculated to the full extent of their liability, net of any resulting tax	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	3.47%	3.49%
C.EPRA 'topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	Companies should provide detail on the calculation of the measure and reconciliation between the EPRA NIY and 'topped-up' NIY in the recommended format as shown in Section 3.4.	3.50%	3.52%
D. EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	13.17%	16.21%
E. EPRA Cost Ratios	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs	31.77%	86.49%
Adjusted-EPRA Cost Ratios (Yielding Portfolio only) (excluding direct vacancy costs)			29.90%	85.33%

The details of the calculation of the EPRA key figures are shown in the following tables.

EPRA Key Performance Figures

A EPRA Earnings & EPRA Earnings per share (EPS)

in TCHF except basic number of shares	2020	2019
Earnings per income statement	**55,159**	–71,361
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	**–27,002**	16,803
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	**–4,905**	–64
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties.	**–1,427**	–1,153
(iv) Tax on profits or losses on disposals	**456**	n/a
(v) Negative goodwill / goodwill impairment	**n/a**	n/a
(vi) Changes in fair value of financial instruments and associated close-out costs	**n/a**	n/a
(vii) Acquisition costs on share deals and non-controlling joint venture interests	**n/a**	n/a
(viii) Deferred tax in respect of EPRA adjustments	**4,528**	–15,379
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	**n/a**	n/a
(x) Non-controlling interests in respect of the above	**–**	613
EPRA Earnings	**26,810**	**–70,541**
Weighted average number of shares outstanding	**8,091,020**	7,996,265
EPRA Earnings per Share (EPS) in CHF	**3.31**	**–8.82**
Company specific adjustments[1]:		
(a) Contribution Cloud Services	**3,494**	70,727
(b) Depreciation on financial assets related to Cloud Services	**1,550**	–
(c) Contribution Jaeger et Bosshard SA	**–230**	–795
Company specific Adjusted Earnings	**31,624**	**–609**
Company specific Adjusted EPS in CHF	**3.91**	**–0.08**

1 **The company-specific adjustments relate to the adjustment of EPRA earnings per share (EPS) due to transactions that do not affect the real estate segment.**

EPRA Key Performance Figures

B EPRA Net Asset Value metrics

As at 31 December 2020

	Current Measures			Previously reported Measures	
in TCHF except fully diluted number of shares	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
Equity attributable to shareholders	**761,122**	**761,122**	**761,122**	**761,122**	**761,122**
Include / Exclude					
Hybrid instruments	n/a	n/a	n/a	n/a	n/a
Diluted NAV	**761,122**	**761,122**	**761,122**	**761,122**	**761,122**
Include:					
ii.a) Revaluation of Investment properties	n/a	n/a	n/a	n/a	n/a
ii.b) Revaluation of Investment properties under construction	n/a	n/a	n/a	n/a	n/a
iii.c) Revaluation of other non-current investments	n/a	n/a	n/a	n/a	n/a
iii) Revaluation of tenant leases held as finance leases	n/a	n/a	n/a	n/a	n/a
iv) Revaluation of trading properties	6,733	6,733	6,733	–	–
Diluted NAV at Fair Value	**767,856**	**767,856**	**767,856**	**761,122**	**761,122**
Exclude:					
v) Deferred tax in relation to fair value gains of Investment properties	73,131	69,779[1]	–	73,131	73,131
vi) Fair value of financial instruments	n/a	n/a	n/a	n/a	n/a
vii) Goodwill as result of deferred tax	n/a	n/a	n/a	n/a	n/a
viii.a) Goodwill as per balance sheet	n/a	n/a	n/a	n/a	n/a
viii.b) Intangibles as per balance sheet		n/a		n/a	n/a
Include:					
ix) Fair value of fixed interest rate debt			n/a	n/a	n/a
x) Revaluation of intangibles to fair value	n/a			n/a	n/a
xi) Real estate transfer tax	15,969[2]	–	–	n/a	n/a
NAV	**856,945**	**837,634**	**767,856**	**834,253**	**834,253**
Fully diluted number of shares	8,091,020	8,091,020	8,091,020	8,091,020	8,091,020
NAV per Share in CHF	**105.91**	**103.53**	**94.90**	**103.11**	**103.11**

1 For the calculation of deferred taxes, option 1 was chosen in accordance with the Best Practices Recommendations Guidelines of October 2019: The entire real estate portfolio is generally to be held for the long term and the properties for sale are sold in the short term.

2 For the calculation of the real estate transfer taxes, the real estate market values per canton were multiplied by the respective tax rates.

Additional deferred tax disclosure

	Fair Value	as % of total portfolio	% of deferred tax excluded
Portfolio that is subject to deferred tax and intention is to hold and not to sell in the long run	1,608,417	100%	100%
Portfolio that is subject to partial deferred tax and to tax structuring	–	0%	0%

EPRA Key Performance Figures

As at 31 December 2019

in TCHF except fully diluted number of shares	Current Measures			Previously reported Measures	
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
Equity attributable to shareholders	**672,085**	**672,085**	**672,085**	**672,085**	**672,085**
Include / Exclude					
Hybrid instruments	n/a	n/a	n/a	n/a	n/a
Diluted NAV	**672,085**	**672,085**	**672,085**	**672,085**	**672,085**
Include:					
Revaluation of Investment properties	n/a	n/a	n/a	n/a	n/a
Revaluation of Investment properties under construction	n/a	n/a	n/a	n/a	n/a
Revaluation of other non-current investments	n/a	n/a	n/a	n/a	n/a
Revaluation of tenant leases held as finance leases	n/a	n/a	n/a	n/a	n/a
Revaluation of trading properties	1,427	1,427	1,427	–	–
Diluted NAV at Fair Value	**673,512**	**673,512**	**673,512**	**672,085**	**672,085**
Exclude:					
Deferred tax in relation to fair value gains of Investment properties	68,728	68,752	–	68,728	68,728
Fair value of financial instruments	n/a	n/a	n/a	n/a	n/a
Goodwill as result of deferred tax	n/a	n/a	n/a	n/a	n/a
Goodwill as per balance sheet	n/a	n/a	n/a	n/a	n/a
Intangibles as per balance sheet		n/a		n/a	n/a
Include:					
Fair value of fixed interest rate debt			n/a	n/a	n/a
Revaluation of intangibles to fair value	n/a			n/a	n/a
Real estate transfer tax	15,650[2]	86	–	–	–
NAV	**757,890**	**742,351**	**673,512**	**740,813**	**740,813**
Fully diluted number of shares	7,996,265	7,996,265	7,996,265	7,996,265	7,996,265
NAV per Share in CHF	**94.78**	**92.84**	**84.23**	**92.64**	**92.64**

1 **For the calculation of deferred taxes, option 1 was chosen in accordance with the Best Practices Recommendations Guidelines of October 2019: The entire real estate portfolio is generally to be held for the long term and the properties for sale are sold in the short term.**

2 **For the calculation of the real estate transfer taxes, the real estate market values per canton were multiplied by the respective tax rates.**

Additional deferred tax disclousure

	Fair Value	as % of total portfolio	% of deferred tax excluded
Portfolio that is subject to deferred tax and intention is to hold and not to sell in the long run	1,563,043	100%	100%
Portfolio that is subject to partial deferred tax and to tax structuring	–	0%	0%

EPRA Key Performance Figures

C EPRA Net Initial Yield (NIY) & EPRA "topped-up" NIY

in TCHF	31.12.2020	31.12.2019
Investment property – wholly owned	1,608,417	1,563,043
Investment property – share of JVs/Funds	n/a	n/a
Trading property (including share of JVs)	n/a	n/a
Less: developments[1]	–582,654	–509,602
Completed property portfolio	**1,025,245**	**1,053,441**
Allowance for estimated purchasers' costs	n/a	n/a
Gross up completed property portfolio valuation	**1,025,245**	**1,053,441**
Annualised cash passing rental income	47,783	49,851
Property outgoings	–12,199	–13,110
Annualised net rents	**35,583**	**36,742**
Add: notional rent expiration of rent free periods or other lease incentives[2]	300	333
Topped-up net annualised rent	**35,883**	**37,075**
EPRA NIY	**3.47%**	**3.49%**
EPRA "topped-up" NIY	**3.50%**	**3.52%**

[1] For the calculation of the completed property portfolio, all development properties are deducted.
[2] The weighted average rent-free period for the reporting year is 5.4 months (2019: 5.7 months).

D EPRA Vacancy Rate

EPRA Vacancy Rate in TCHF	31.12.2020	31.12.2019
Estimated Rental Value of vacant space	9,105	11,365
Estimated rental value of the whole portfolio	69,143	70,102
EPRA Vacancy Rate	**13.17%**	**16.21%**

EPRA Key Performance Figures

E EPRA Cost Ratios

EPRA Cost Ratios in TCHF **Include:**	**2020**	2019
(i) Administrative/operating expense line per income statement	**19,662**	53,802[1]
(ii) Net service charge costs/fees	**–**	–
(iii) Management fees less actual/estimated profit element	**–**	–
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	**–**	–
(v) Share of Joint Ventures expenses	**n/a**	n/a
Exclude (if part of the above):		
(vi) Investment property depreciation	**–**	–
(vii) Ground rent costs	**-681**	-733
(viii) Service charge costs recovered through rents but not separately invoiced	**–**	–
iia) Revaluation of Investment properties	**18,980**	**53,068**
(ix) Direct vacancy costs	**1,120**	710
EPRA Costs (excluding direct vacancy costs)	**17,861**	**52,358**
(x) Gross Rental Income less ground rents	**59,738**	**61,359**
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant)	**–**	–
(xiii) Add: share of Joint Ventures (Gross Rental Income less ground rents)	**n/a**	n/a
Gross Rental Income	**59,738**	**61,359**
EPRA Cost Ratio (including direct vacancy costs)	**31.77%**	**86.49%**
EPRA Cost Ratio (excluding direct vacancy costs)	**29.90%**	**85.33%**

1 **In the previous year, the position "(i) Administrative/operating expense line per income statement" included a short-term provision of TCHF 30,000 for the the redevelopment of the site in Pratteln. In the current year, TCHF 8'000 of the estimated provisions were released.**

EPRA Key Performance Figures

E Adjusted-EPRA Cost Ratios (Yielding Portfolio only)

EPRA Cost Ratios in TCHF Include:	2020	2019
(i) Administrative/operating expense line per income statement	12,199	13,110
(ii) Net service charge costs/fees	–	–
(iii) Management fees less actual/estimated profit element	–	–
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	–	–
(v) Share of Joint Ventures expenses	n/a	n/a
Exclude (if part of the above):		
(vi) Investment property depreciation	–	–
(vii) Ground rent costs	–632	–683
(viii) Service charge costs recovered through rents but not separately invoiced	–	–
EPRA Costs (including direct vacancy costs)	11,567	12,427
(ix) Direct vacancy costs	–696	–465
EPRA Costs (excluding direct vacancy costs)	10,871	11,961
(x) Gross Rental Income less ground rents	49,104	51,118
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant)	–	–
(xiii) Add: share of Joint Ventures (Gross Rental Income less ground rents)	–	–
Gross Rental Income	49,104	51,118
EPRA Cost Ratio (including direct vacancy costs)	23.56%	24.31%
EPRA Cost Ratio (excluding direct vacancy costs)	22.14%	23.40%

Personnel costs for the development of own projects were not capitalised. All costs directly related to the acquisition of real estate are capitalised.

EPRA Core Recommendations: Investment Property Reporting

Basis of accounting

HIAG reports the investment properties at market value. The fair values are determined semi-annually by an external, independent real estate valuation company. The valuations are based on the discounted cash flow method.

Evaluation

The description and disclosure of the valuation principles applied should lead to increased confidence in the valuation result and to an increase in the dissemination and credibility of external valuations. The market value of the properties is determined every six months by the external, independent property valuation company (see Wüest Partner property valuation report on pages 121 to 125). In doing so, the valuer has access to company information regarding rental contracts, operating costs and investments. The external valuations are verified internally by HIAG through random checks of the input factors in the discounted cash flow (DCF) valuations, its own project valuations, a systematic analysis of deviations from previous valuations and a discussion of the valuation results with the external valuer. In addition, the valuation results are discussed in detail by the management and presented to the investment committee.

EPRA Key Performance Figures

Development properties

Development activities can create value for real estate companies, but can also involve financial risks. It is therefore important to provide sufficient information to enable investors to gain a clear understanding of the potential risks and opportunities associated with development assets. The required information can be found with the project pipeline presentation on pages 21 to 23 as well as with the company presentation available on the HIAG website.

Like-for-like rental growth reporting

in TCHF	Annualized property Income 31.12.2020	Effect from portfolio changes	Like for Like Property income 31.12.2020	Annualized property income 31.12.2019	Like-for-Like growth	Like-for-Like growth in %
North-West Switzerland	20,748	–	20,748	19,934	814	4.08%
Central Switzerland	3,098	–	3,098	3,001	97	3.23%
Zurich	8,914	–	8,914	8,462	452	5.34%
Lake Geneva region	6,791	–	6,791	7,182	–391	-5.45%
Espace Mittelland region	3,389	–	3,389	3,383	6	0.17%
Eastern Switzerland	4,843	799[1]	5,642	4,938	704	14.27%
Total Yielding portfolio	**47,783**	**799**	**48,582**	**46,900**	**1,681**	**3.58%**
North-West Switzerland	2,200	–	2,200	2,176	25	1.13%
Central Switzerland	58	–	58	73	–16	-21.24%
Zurich	5,634	–	5,634	5,812	–178	-3.06%
Lake Geneva region	1,270	–	1,270	1,070	200	18.69%
Espace Mittelland region	2,674	–	2,674	2,309	365	15.83%
Eastern Switzerland	420	–	420	397	22	5.63%
Total Development portfolio	**12,256**	**–**	**12,256**	**11,837**	**419**	**3.54%**
Total Portfolio	**60,038**	**799**	**60,837**	**58,737**	**2,100**	**3.58%**

[1] The effect from portfolio changes in the current year relates to the sale of a property in St. Margreten and the associated rental income.

Additional portfolio information

Additional information and details on property statistics such as rental data, valuation data, development as well as rental data can be found on pages 114 to 116.

Capital expenditure disclosure

Property-related CAPEX in TCHF	2020	2019
Acquisitions	**9,108**	51,454
Like-for-like yielding portfolio	**28,601**	26,668
Like-for-like development portfolio	**37,799**	29,104
Other	**–**	–
Capital Expenditure	**75,508**	**107,226**

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Audited Consolidated Financial Statements of HIAG as of and for the year ended 31 December 2019

Consolidated Financial Statements

Consolidated Balance Sheet

in TCHF		31.12.2019	31.12.2018
Cash and cash equivalents		23,933	34,531
Trade receivables	1	5,335	3,136
Other current receivables from shareholders		12	–
Other current receivables	2	9,259	15,293
Inventory	3	420	–
Other current financial assets	8.3	513	320
Other current financial assets from shareholders	8.4	–	2,010
Properties held for sale	5	8,633	11,780
Prepayments and accrued income	7	5,227	8,443
Current assets		53,332	**75,512**
Other non-current receivables	4	3,554	2,554
Real estate properties	5	1,563,043	1,476,411
Other property plant and equipment	6	1,034	40,401
Intangible fixed assets	6	–	25
Financial assets	8.1	5,348	1,307
Financial assets from shareholders	8.2	2,330	2,725
Non-current assets		1,575,309	**1,523,423**
Total assets		1,628,641	**1,598,935**

Consolidated Financial Statements

Consolidated Balance Sheet

in TCHF		31.12.2019	31.12.2018
Current financial liabilities	11	**7,902**	14,640
Trade payables		**4,306**	3,522
Other current liabilities	9	**7,357**	8,650
Current provisions	10	**30,660**	3,324
Tax liabilities		**315**	1,462
Accrued liabilities and deferred income	12	**13,229**	13,966
Current liabilities		**63,770**	**45,564**
Non-current financial liabilities	11	**823,397**	687,337
Non-current provisions	10	**660**	100
Deferred taxes	13	**68,728**	82,871
Non-current liabilities		**892,785**	**770,308**
Total liabilities		**956,555**	**815,872**
Share capital	31	**8,050**	8,050
Capital reserves		**7,884**	21,733
Treasury shares	33	**–6,081**	–6,921
Retained earnings		**662,232**	762,000
Shareholders' equity excl. minority interests		**672,085**	**784,863**
Minority interests		**–**	–1,800
Shareholders' equity incl. minority interests		**672,085**	**783,063**
Total liabilities and shareholders' equity		**1,628,641**	**1,598,935**

Consolidated Financial Statements

Consolidated Income Statement

in TCHF		2019	2018
Property income	15	**63,034**	58,242
Revaluation of properties	16	**–16,803**	76,439
Income from sales promotion projects		**263**	–
Cloud services income	17	**630**	944
Other operating income	18	**6,363**	7,047
Total operating income		**53,487**	**142,672**
Cost of materials	19	**–2,045**	–
Personnel expenses	14, 20, 21	**–14,633**	–13,262
Maintenance and repairs	22	**–40,793**	–8,639
Insurance and fees		**–1,161**	–1,131
Energy costs and service charges	23	**–2,739**	–2,413
General operating expenses		**–451**	–506
Office, administrative and development expenses	24	**–27,278**	–9,271
Marketing expenses		**–857**	–1,408
Rent and leases	25	**–1,940**	–1,710
Total operating expenses		**–91,897**	**–38,340**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**–38,410**	**104,332**
Amortisation	26	**–40,536**	–24,442
Earnings before interest and taxes (EBIT)		**–78,946**	**79,889**
Financial income	27	**1,178**	418
Financial expenses	28	**–8,686**	–9,977
Earnings before taxes (EBT)		**–86,454**	**70,330**
Taxes	29	**15,093**	–11,395
Net income for the period incl. minority interests		**–71,361**	**58,935**
Minority interests		**–613**	–2,014
Net income for the period excl. minority interests		**–70,749**	**60,949**
Undiluted earnings per share (in CHF)	31	**–8.85**	7.60
Diluted earnings per share (in CHF)	31	**–8.85**	7.60

Consolidated Cash Flow Statement

in TCHF	2019	2018
Net income for the period	**–71,361**	**58,935**
Amortisation	40,536	24,442
Depreciation of other assets	5,136	–
Depreciation of financial assets	843	–
Income from sale of assets and utilisation of prepayments	–231	–4,058
Proceeds from the sale of promotion projects	–273	–
Allocation of treasury shares to employees	2,572	645
Increase / decrease in trade receivables	–1,854	–388
Increase / decrease in trade payables	626	–5,449
Increase / decrease other receivables	–1,811	1,936
Increase / decrease inventory	–23	–
Increase / decrease other liabilities	24,611	6,724
Increase / decrease financial assets with market value	–	6
Increase / decrease capitalised employer contribution reserve	365	362
Increase / decrease in prepayments and accrued income	2,942	1,665
Increase / decrease in accrued liabilities and deferred income	–3,091	2,298
Increase / decrease in non-current provisions	560	–1,500
Increase / decrease in deferred taxes	–15,186	9,085
Increase / decrease in capitalised tax losses carried forward	–193	1,450
Increase valuation of properties (net)	18,883	–76,439
Capitalised services	65	62
Cash flow from operating activities	**3,117**	**19,776**

Purchase of real estate properties	-96,411	–159,449
Purchase of intangible fixed assets	–	–30
Acquisition of consolidated companies	–19,341	–
Purchase of financial assets	–1,575	–
Purchase of other property, plant and equipment	–817	–16,929
Proceeds from disposal of properties	11,131	26,895
Proceeds from disposal of other property, plant and equipment	231	4,370
Sale of shares, participations	–5,549	–1,360
Payments for investments in financial assets	2,705	1,123
Cash flow from investment activities	**–109,626**	**–145,381**

in TCHF	2019	2018
Acquisition of financial liabilities	**69,693**	158,936
Amortisation and repayment of financial liabilities	**–90,562**	–124,654
Bond issuance	**149,781**	124,757
Capital increase	**–1,732**	–9,364
Purchase of treasury shares	**–13**	1,979
Distribution from capital reserves / retained earnings to shareholders	**–31,191**	–30,510
Cash flow from financing activities	**95,976**	**121,144**
Effects from foreign exchange	**-65**	**–62**
Additions of first time consolidated and controlled entities	**–**	133
Increase / decrease in cash and cash equivalents	**–10,598**	**–4,389**
Cash and cash equivalents at 1 January	**34,531**	38,920
Cash and cash equivalents at 31 December	**23,933**	34,531
Increase / decrease in cash and cash equivalents	**–10,598**	**–4,389**

Statement of Shareholders' Equity

in TCHF	Share capital[1]	Treasury shares[2]	Capital reserves[3]	Retained earnings	Total excl. minority interests	Minority interests[4]	Total incl. minority interests
Shareholders' equity at 01.01.2018	**8,050**	**–281**	**52,344**	**700,371**	**760,484**	**209**	**760,693**
Share-based compensation programmes[6]	–	–	–	680	680	–	680
Dividend payment	–	–	–30,510	–	–30,510	–	–30,510
Purchase of treasury shares	–	–9,364	–	–	–9,364	–	–9,364
Sale of treasury shares	–	2,725	–101	–	2,624	–	2,624
Change in ownership of a group company	–	–	–	–	–	5	5
Net income for the period	–	–	–	60,949	60,949	–2,014	58,935
Shareholders' equity at 31.12.2018	**8,050**	**–6,920**	**21,733**	**762,000**	**784,863**	**–1,800**	**783,063**
Share-based compensation programmes[6]	–	–	–	–1,110	–1,110	–	–1,110
Dividend payment	–	–	–13,836	–17,355	–31,191	–	–31,191
Purchase of treasury shares	–	–1,733	–	–	–1,733	–	–1,733
Sale/allocation of treasury shares	–	2,572	–13	–	2,559	–	2,559
Goodwill[5]	–	–	–	–6,562	–6,562	–	–6,562
Acquisition of 100% of group companies with minorities	–	–	–	–3,992	–3,992	2,413	–1,579
Net income for the period	–	–	–	–70,749	–70,749	–613	–71,361
Shareholders' equity at 31.12.2019	**8,050**	**–6,081**	**7,884**	**662,232**	**672,085**	**–**	**672,085**

1 On 31 December 2019 share capital consisted of 8,050,000 registered shares at a nominal value of CHF 1 per share (2018: 8,050,000 registered shares at a nominal value of CHF 1.00 per share).
2 The company held 49,915 treasury shares as at 31 December 2019 (2018: 55,938). During the reporting period, the company purchased 15,000 shares of HIAG Immobilien Holding AG for a total amount of TCHF 1,733 (2018: TCHF 75,593). 21,023 of these shares (2018: 22,026) were purchased primarily in connection with the Long Term Incentive Plan 2014–2018 by members of the Group's Executive Board and by Group employees as part of the employee participation plan.
3 The non-distributable legal reserves came to TCHF 1,610 (2018: TCHF 1,610).
4 In the previous year, minority interests comprised 5% at HIAG Data AG and 14% at Société coopérative en faveur du développement des terrains industriels de la Praille-Sud. In the first half of 2019, the 5% of HIAG Data AG was acquired by HIAG Immobilien Holding AG. The shares in Société coopérative en faveur du développement des terrains industriels de la Praille-Sud also amount to 100% following the acquisition of Jaeger et Bosshard SA. There are therefore no minority interests as of 31 December 2019.
5 The goodwill arises from the acquisition of Jaeger et Bosshard SA in May 2019. The goodwill is offset with the retained earnings as of the acquisition date of the company (see also scope of consolidation).
6 See note 21 of the notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

Segment reporting

The main business activities of the group include the management of the yielding properties and redevelopment activities. Consequently, reporting is broken down according to the segments “Yielding portfolio” and “Redevelopment portfolio”.

Following the decision of the Board of Directors of HIAG Immobilien Holding AG on 13 August 2019 to discontinue the “Cloud Services” business model, HIAG has focused on the exploitation and marketing of existing assets. These activities will be carried out within the framework of a cooperation with the Tarchini Group and Beelastic, which was announced on 27 December, 2019. The Cloud Services segment will continue to be reported separately in the segment reporting.

Secondary activities in the area of employee benefits and staff services are reported in the segment “Other”. This segment also includes all central functions such as management and finance and expenses in connection with the Board of Directors. General corporate expenses such as auditing costs, capital taxes, etc. are also reported in the segment “Other”. The activities of the metal recycling operation of Jaeger et Bosshard SA, acquired in the first half-year 2019, are now also reported in this segment. Intersegment eliminations for transactions within segments are reported separately.

In order to increase transparency, all items of operating expenses are now shown individually in segment reporting (analogous to the income statement). For the Cloud Services segment, the item Maintenance and repairs includes operating costs for data centres and the network. Office, administrative and development expenses include expenses for mainly external service providers in connection with the development of the multi-cloud platform. Rents and leases include rent for office space and rent for the use of networks.

As the HIAG Group operates exclusively in Switzerland, no geographical segment information is provided.

Consolidated Financial Statements

Operating segments 1 January 2019 to 31 December 2019[1]

in TCHF	Yielding portfolio	Redevelopment portfolio	Cloud Services	Others	Intersegment elimination	Group
Property income	51,940	11,146	–	–	–52	63,034
Revaluation of properties	–2,882	–13,922	–	–	–	–16,803
Proceeds from the sale of real estate	–	263	–	–	–	263
Cloud services income	–	–	630	–	–	630
Other operating income	–132	887	142	6,126	–660	6,363
Total operating income	**48,927**	**–1,626**	**772**	**6,126**	**–712**	**53,487**
Cost of materials	–	–	–	–2,045	–	–2,045
Personnel expenses	–3,783	–3,849	–4,186	–2,815	–	–14,633
Maintenance and repairs	–4,464	–32,143	–3,979	–207	–	–40,793
Insurance and fees	–698	–398	–6	–255	196	–1,161
Energy costs and building maintenance	–1,052	–1,655	–	–32	–	–2,739
General operating expenses	–84	–85	–	–281	–	–451
Office, administrative and development expenses	–2,221	–1,295	–21,311	–2,690	240	–27,278
Marketing expenses	–351	–47	–146	–313	–	–857
Rent and leases	–853	–623	–559	–182	276	–1,940
Total operating expenses	**–13,506**	**–40,094**	**–30,187**	**–8,821**	**712**	**–91,897**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**35,421**	**–41,720**	**–29,415**	**–2,696**	**–**	**–38,410**
EBITDA before revaluation of properties	**38,303**	**–27,799**	**–29,415**	**–2,696**	**–**	**–21,607**

[1] Without minorities.

The “Development” segment was affected by the bankruptcy of Rohner AG, Pratteln, in fiscal 2019. HIAG has decided to start the deconstruction and rehabilitation of the site to a chemical-free condition. As of the balance sheet date, the change in value resulting from the revaluation of real estate investments and operating expenses totalling CHF 53.2 million were particularly affected. The change in value in Pratteln amounted to CHF –20.4 million. HIAG took over former employees of Rohner AG, Pratteln (CHF 0.7 million in the year under review) in connection with the deconstruction and redevelopment of the site and since the bankruptcy HIAG has borne the total real estate costs of CHF 2.1 million for the period July to December 2019. Provisions of CHF 30 million were made for the deconstruction and redevelopment of the site, which are included in the maintenance and repair costs.

The Board of Directors of HIAG Immobilien Holding AG decided on 13 August 2019 to discontinue the Cloud Services business model. In the first half of 2019, the Group continued to invest in the development of the multi-cloud platform and fulfilled existing customer contracts. Following the decision of the Board of Directors, HIAG has focused on the exploitation of existing assets. In the first half year the operating result before depreciation and amortisation fell to CHF –16.2 million In the second half of the year, the operating result before depreciation and amortisation was CHF –13.2 million, of which CHF 4.8 million was for the one-off impairment of the pre-paid Azure licences.

Operating segments 1 January 2018 to 31 December 2018[1]

in TCHF	Yielding portfolio	Redevelopment portfolio	Cloud Services	Others	Intersegment elimination	Group
Property income	49,201	9,092	–	–	–51	58,242
Revaluation of properties	26,620	49,819	–	–	–	76,439
Proceeds from the sale of promotion projects	–	–	–	–	–	–
Cloud services income	–	–	944	–	–	944
Other operating income	1,868	4,802	1	1,396	–1,021	7,047
Total operating income	**77,690**	**63,712**	**945**	**1,396**	**–1,072**	**142,672**
Cost of materials	–	–	–	–	–	–
Personnel expenses	–3,688	–4,375	–3,264	–1,934	–	–13,262
Maintenance and repairs	–3,522	–1,194	–3,893	–30	–	–8,639
Insurance and fees	–617	–334	–100	–291	212	–1,131
Energy costs and building maintenance	–1,023	–1,390	–	–	–	–2,413
General operating expenses	–144	–123	–	–239	–	–506
Office, administrative and development expenses	–2,366	–931	–4,392	–2,184	601	–9,271
Marketing expenses	–418	–58	–538	–394	–	–1,408
Rent and leases	–747	–791	–318	–114	259	–1,710
Total operating expenses	**–12,525**	**–9,198**	**–12,504**	**–5,186**	**1,072**	**–38,340**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**65,165**	**54,515**	**–11,558**	**–3,790**	**–**	**104,332**
EBITDA before revaluation of properties	**38,544**	**4,696**	**–11,558**	**–3,790**	**–**	**27,893**

[1] Without minorities.

Consolidated Financial Statements

Accounting principles

The Consolidated Financial Statements of HIAG Immobilien Holding AG were prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER), and the special provisions for real estate companies stipulated under Article 17 of the SIX Swiss Exchange's Directive on Financial Reporting, and present a true and fair view of its net assets, financial position and results of operations. The comprehensive Swiss GAAP FER rules were applied.

The Consolidated Financial Statements are based on the individual financial statements of the HIAG Immobilien Group companies, which were prepared and audited in accordance with uniform guidelines. The relevant accounting standards are explained below. The Consolidated Financial Statements are presented in Swiss francs (CHF). All figures are presented in thousands of Swiss francs (TCHF) unless indicated otherwise.

The Consolidated Annual Financial Statements are available in German and English. Should there be any linguistic discrepancies, the German version shall prevail.

Scope of consolidation

The Consolidated Financial Statements comprise all subsidiaries of HIAG Immobilien Holding AG in which the Company directly or indirectly holds more than 50% in the form of voting rights or share capital. Full consolidation is applied, which means that 100% of the assets, liabilities, expenses and income of the companies to be consolidated are assumed and all intercompany items are eliminated. Minority interests in equity and net income are disclosed separately in the balance sheet and the income statement. Changes in ownership interests in subsidiaries are recorded as equity transactions, provided that control continues.

Associated companies in which HIAG Immobilien Holding AG holds direct or indirect participations of 20% to 50% of voting rights or share capital are consolidated according to the equity method. Participations below 20% are not consolidated and are included in the Consolidated Balance Sheet under Financial assets at acquisition cost minus any operationally necessary value adjustment.

The balance sheet date for all companies is 31 December.

Company	Share capital in TCHF	Stake 2019[1] in %	Stake 2018[1] in %	Location
HIAG Immobilien Schweiz AG	11,000	**100**	100	Baar
HIAG AG	150	**100**	100	Basel
HIAG Immobilien AG	5,000	**100**	100	St. Margrethen
HIAG Immobilier Léman SA	1,000	**100**	100	Aigle
Léger SA	400	**100**	100	Lancy
Weeba SA	100	**100**	100	Lancy
Pellarin-Transports SA	50	**100**	100	Lancy
Promo-Praille SA	200	**100**	100	Lancy
Jaeger et Bosshard SA[2]	1,175	**100**	–	Lancy
Société coopérative en faveur du développement des terrains industriels de la Praille-Sud[3]	35	**100**	86	Lancy
HIAG Immobilien Menziken AG[4]	100	**–**	100	Menziken
HIAG Data AG[5]	10,000	**100**	95	Zurich
Trans Fiber Systems SA	107	**100**	100	Menziken
CIS Operations AG[5]	400	**100**	95	Zurich
Marbell AG	100	**100**	100	Zurich

1 Voting rights and share capital.
2 100% of Jaeger et Bosshard SA was acquired in May 2019.
3 As the acquisition of Jaeger et Bosshard SA resulted in the purchase of 14% of the shares in the cooperative that were not previously held, the shareholding is now 100% as of 31.12.19.
4 HIAG Immobilien Menziken AG was merged with HIAG Immobilien AG retroactively as of 1 January, 2019.
5 In the first half year of 2019, 5% of the shares of the company HIAG Data AG were bought back by the management. Since CIS Operations AG is wholly owned by HIAG Data AG, its share has also risen to 100%

HIAG AG performs services in the areas of employee pension funds and human resources.

HIAG Data AG and CIS Operations AG provide technology to independent partners based on a high performing multi-cloud platform that meets the latest regulatory standards. Together with Marbell AG, they shape the segment Cloud Services.

Marbell AG is a holding company with no activities in the reporting period.

Jaeger et Bosshard SA specialises in metal recycling. In addition to this business, the company holds a share in the "Porte Sud" site in the Lancy district of Geneva with construction rights. Until further notice, the metal recycling company is being operated by the previous owner of the company on behalf of HIAG.

All other companies are real estate companies within the scope of HIAG's strategy with the purposes of maintaining, developing and selling properties.

Consolidation method

Capital consolidation is based on the purchase method, in which the acquisition costs of an acquired company are offset against the net assets, which were newly measured at the time of acquisition in accordance with group-wide accounting standards. The difference rising from the purchase price and the newly valued net assets of the acquired company is termed goodwill or badwill. Goodwill is recognised as retained earnings with no effect on profit and loss. In the event of offsetting against retained earnings, the effects of a theoretical capitalisation and amortisation for the estimated useful life of the acquisition are disclosed separately in the notes. Any badwill is charged to the retained earnings or recorded as provisions. The initial consolidation takes effect with the transfer of control over the acquired companies.

Changes in the scope of consolidation

The following changes in the scope of consolidation took place during the reporting period:

Consolidated company		Stake in %
Jaeger et Bosshard SA	Acquired on 24 May 2019	100

At the date of first time consolidation the company, Jaeger et Bosshard SA disclosed following significant balance sheet positions at fair values:

in TCHF	
Cash and cash equivalents	3,189
Inventory	397
Other current assets	798
Real estate properties	13,500
Other non-current assets	533
Current liabilities	1,431
Other non-current liabilities	1,024
Shareholders' equity	15,962

As a result of the acquisition, a goodwill of TCHF 6,562 occured and was offset with the retained earnings at the time of the acquisition.

The following changes were made to the scope of consolidation in the previous year:

Consolidated company		Stake in %
Société coopérative en faveur du développment des terrains industriels de la Praille-Sud, Lancy	Since 1 January 2018	86
Marbell AG, Zürich	Foundation on 22 June 2018	100

Translation of foreign currencies

All the companies within the HIAG Group scope of consolidation use the Swiss franc as their functional currency. Consequently, there are no foreign currency translation effects.

Significant accounting and valuation policies

General information

HIAG Immobilien Holding AG's Consolidated Financial Statements are prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER).

Due to rounding off to the nearest thousand CHF, addition of the individual items may result in rounding differences over the reported item totals.

Cash and cash equivalents

"Cash and cash equivalents" comprise cash in hand, postal check account deposits and demand deposits with banks and money market instruments with a term of less than three months. They are stated at their nominal value. Cash and cash equivalents held in foreign currency are translated at the year-end conversion rate.

Trade receivables and other current receivables

"Trade receivables" and "Other current receivables" are reported at their realisable value. Receivables that are considered to be potential bad debts are reported at nominal value minus the necessary value adjustments.

Real estate properties

The portfolio is broken down into the following categories:

- Undeveloped land
- Properties
- Properties currently under development
- Properties held for sale

General

SAll real estate investments, with the exception of the promotion projects for 2019 (see properties for sale), are valued and reported at market value based on the discounted cash flow (DCF) method in accordance with Swiss GAAP FER 18. The residual value method is used to determine the market value for undeveloped land. The valuation is carried out by an independent expert and updated every six months. The properties are inspected at least every three years. No scheduled depreciation is applied. Revaluations and devaluations are recorded in the change in value from revaluation of real estate investments. The additional costs to be expected due to environmental risks are estimated by an independent environmental expert on the basis of historical and technical studies and deducted from the market values of the properties. Interest on building loans is capitalised. Other borrowing costs are charged to financial expenses. The portfolio does not include any owner-occupied commercial properties.

Properties
Properties are broken down into "Yielding properties" and "Redevelopment properties". "Yielding properties" are those properties for which no development is planned. "Redevelopment properties" describes properties that are to undergo development in the medium term and / or for which development planning is currently under way.

Property under development
Properties that are under development at the time the balance sheet is drawn up are grouped under the item "Properties currently under development". They are reported as "Properties currently under development" from the time the initial work is contracted until the development project is completed and / or is ready for occupation.

Properties held for sale
"Properties held for sale" includes residential projects that are developed and marketed in condominium ownership (promotion projects) and non-strategic properties that are offered for sale. The promotion projects were valued in 2019 at acquisition or production cost in accordance with the SIX circular dated 17 October 2019. The non-strategic properties for sale are valued at current market values less costs to sell.

Other property, plant and equipment and intangible fixed assets
"Other property, plant and equipment" includes the multi-cloud infrastructure of the Cloud Services segment, office equipment, machinery, vehicles and the fixed assets of Jaeger et Bosshard SA. "Intangible assets" comprise mainly the acquired and internally provided services in connection with the cloud infrastructure of HIAG Data.

"Other fixed assets" and "Intangible fixed assets" are stated at acquisition cost less depreciation and possible value impairments.

Depreciation is calculated using the straight-line method; the depreciation period for the multi-cloud infrastructure of the Cloud Services segment is five years, for office equipment three to 10 years, for the facilities of Jaeger et Bosshard SA five to 15 years and for intangible assets three to five years. If it is foreseeable that the economic useful life of individual assets will be shorter than the planned useful life, increased depreciation is applied.

Leased equipment is depreciated over the duration of the lease.

Financial assets and financial assets from shareholders
This item includes employer contribution reserves, long-term loans, securities at listed market prices as of the balance sheet reporting date, capitalised tax losses carried forward, participations that were incorporated using the equity method and other non-current receivables that are recorded in the balance sheet at nominal value.

Financial assets from related parties
This position includes the following financial assets from related parties: long-term loans and participations that were incorporated using the equity method.

Deferred taxes
Deferred taxes from tax losses carried forward are capitalised only if it appears sufficiently certain that they can be used for tax purposes and if the budgeted taxable income is expected to result in any offsetting possibilities. They are listed under "Financial assets" as per Swiss GAAP FER 11.

Impairment of assets
If there are indications that the value of an asset is impaired, an impairment test is performed. If the test shows that the carrying amount is higher than the recoverable amount (higher of value in use or market value), the carrying amount is written down to the recoverable amount with an effect on income.

Trade payables and other current and non-current liabilities
Current liabilities are amounts due within one year. Liabilities falling due after more than one year are reported under "Non-current liabilities". These items are stated at their nominal value.

Current and non-current financial liabilities
Mortgages, other collateralised financing and bonds are listed as financial liabilities and recorded in the balance sheet at nominal value. Mortgages and fixed advances that are not repaid within 12 months but renewed are reported under "Non-current financial liabilities" to reflect the economic reality.

Transaction costs of bonds and differences between the received equivalent and the repayment value are amortised in the income statement over their maturity.

Financing or repayments due within a period of 12 months are classified as "Current financial liabilities".

Leasing
When referring to leases, a distinction is made between a finance lease and an operating lease. A finance lease is an agreement where at the time of conclusion of the contract the cash value of the lease payments and any remaining payment roughly correspond to the acquisition value of the leased asset. A finance lease also exists if the expected duration of the lease is approximately the expected useful life of the asset, the leased asset is transferred to the lessee at the end of its useful life or any residual payment is below the net market value at that time. In the case of a finance lease, the leased asset is capitalised and at the same time the leasing obligations from the remaining lease payments are recognised as liabilities. The lease payments are divided into an interest component and a depreciation component. The interest component is recognised as a financial expense and the depreciation component is recognised as a reduction of the leasing liability. The leasing liability is split into a current (within the next 12 months from the reporting date) and a non-current liability (remaining obligation). The current leasing liability is recorded under Current financial liabilities and the non-current leasing liability is recorded under Non-current financial liabilities.

The leased asset is depreciated over the expected useful life.

An operating lease exists when none of the finance lease criteria listed above applies. This concerns primarily long-term rental contracts (over 12 months) for Group sites. These contracts are not included in the balance sheet, but rather disclosed in the Annex under "28. Leasing liabilities".

Current and non-current provisions
Provisions are set up to cover all the risks and obligations recognised at the balance sheet date. Provisions are made when an obligation to a third party exists that is attributable to an event in the past and the extent of that obligation can be determined reliably. The amount of the provision is based on the anticipated outflow of resources necessary to fulfil this obligation. Provisions are recorded as current or non-current according to their respective due dates.

Provisions for deferred taxes
According to Swiss GAAP FER 11, current and future tax effects are to be adequately taken into account in the financial statements. In doing so, current income taxes must be distinguished from deferred taxes. The latter are caused primarily by the valuation differences between fair values and the tax base of the properties. A remaining holding period is estimated for each property when calculating the deferred taxes for real estate properties. Regarding income and capital gains taxes on properties, in those cases where recent findings made it possible to include the historical value of the properties more precisely, this was included in the calculations. Provisions for deferred taxes are discounted. A discount rate 2.00% was applied as at 31 December 2019 (2018: 2.00%).

Employee benefits in accordance with Swiss GAAP FER 16
All companies belonging to the HIAG Group participate in the pension fund "HIAG Pensionskasse". The economic benefits resulting from the employer contribution reserve are recorded as assets. Changes to the employer contribution reserve, and any economic impact on the group resulting from surplus or insufficient coverage for employee pension funds are recorded under "Personnel expenses". The capitalisation of an additional economic benefit (from the surplus coverage for the pension fund) is neither intended, nor are the prerequisites for this provided. An economic obligation is recognised as a liability when the criteria for the creation of provisions are met.

Property income
Property income includes rental income after deduction of vacancy losses, proceeds from the sale of electricity from owned power stations and losses in earnings such as rental income losses. Rental income is recorded in the Income Statement when the rent is due. If tenants are granted rent-free periods, the equivalent value of the incentive is recorded on a linear basis over the entire term of the rental agreement as an adjustment to property income.

Cloud Services income
The item Cloud Services income includes the income of HIAG Data AG. Revenue in this area is recognised net in the month in which the services were rendered.

Other operating income
Other operating income includes all income that cannot be allocated to another category of income. This includes non-recurring income (e.g. from the sale of property, plant and equipment no longer in use or insurance benefits). It also includes income from other business activities that are not part of the Group's core business (such as employee benefit services provided to third parties or revenues from the metal recycling business). They are recognised over the period after the services have been rendered to the third party.

Inventories and cost of materials
Following the acquisition of Jaeger et Bosshard SA, a company specialising in metal recycling, the consolidated financial statements now show inventories and material costs. Inventories are valued at cost (average price method). If it is foreseeable that the net market value of inventories is lower than the acquisition cost, write-downs are made to the lower of the two values.

Maintenance and repairs
Maintenance expenses do not include value-enhancing investments and are recorded in the Income Statement.

Financial result
This item consists of interest income, interest expenses, translation differences, gains and losses on securities and other financial expenses and income.

Taxes
This item covers deferred taxes and current taxes on income. Deferred taxes are calculated primarily on the basis of the temporary differences between the fair values identified and the tax base of an asset. Current taxes on income are calculated on the basis of the taxable result. Other taxes, levies and property taxes are recorded under “Operating expenses” as “General operating expenses”.

Transactions with shareholders and related parties
Significant transactions with related parties are classified and disclosed as follows in accordance with Swiss GAAP FER 15 “8. Financial assets, financial assets shareholders and financial assets with related parties”.

Share-based compensation
Pursuant to Swiss GAAP FER 31, share-based compensation is recognised as personnel expenses. Shareholders’ equity constitutes the corresponding opposite item for share-based compensation; liabilities (provisions) for cash-based compensation. Share-based compensation is disclosed under paragraph 21.

Off-balance sheet items
Contingent liabilities and other off-balance sheet liabilities are valued and disclosed at every balance sheet reporting date. Provisions are set aside if contingent liabilities and other off-balance sheet liabilities result in a cash outflow devoid of beneficial cash inflow, and the cash outflow is probable and foreseeable.

Estimates
The preparation of the financial statements requires a number of estimates and assumptions to be made. These relate to the reported assets, liabilities and contingent liabilities at the time the balance sheet is being prepared, and to income and expenses during the period under review. Should the estimates and assumptions made to the best of the company’s knowledge at the balance sheet date deviate from actual circumstances, adjustments to the original estimates and assumptions are then carried out in the reporting year in which the circumstances change.

Events after the balance sheet date
No significant events took place after the balance sheet date that have an impact on the book values of the declared assets and liabilities, or which must be disclosed at this point.

The Consolidated Financial Statements were approved by the Board of Directors on 13 March 2019. The Consolidated Financial Statements are subject to approval by the General Assembly.

Notes to the consolidated financial statements

General

The result for 2019, including before minorities, was CHF –71.4 million. This result was influenced by two extraordinary events:

- First, the bankruptcy of Rohner AG, Pratteln, the third largest tenant of HIAG to date. This results in a charge of around CHF 51.3 million on the annual result 2019 due to the devaluation of the real estate, the creation of provisions for the dismantling of the production infrastructure, the chemical clearance of the site and site operating costs that HIAG has had to bear since the bankruptcy.
- Second, the decision of the Board of Directors of HIAG Immobilien Holding AG in August 2019 to discontinue development of the multi-cloud platform. Following this decision, HIAG has focused on the exploitation and marketing of existing assets. These activities will be carried out within the framework of a cooperation with the Tarchini Group and Beelastic, which was announced on 27 December 2019. At the time of publication of the annual report 2019, the value of the remaining assets is difficult to assess, as the exploitation activities have not yet begun. For this reason, all remaining assets were written down by 100% as of 31 December 2019 and have a negative impact of CHF 41.5 million on the annual result.

The impact on the annual result 2019 as a result of these two extraordinary events is within the range of the estimates communicated on 2 September 2019.

1 Trade receivables

in TCHF	31.12.2019	31.12.2018
Trade receivables	6,706	4,327
Provision for bad debts	–1,371	–1,191
Total	5,335	3,136

Losses on accounts receivable in 2019 come to TCHF 11 (0.02% of operating income without revaluation of properties and capitalised services) compared to TCHF 42 (0.06% of operating income without revaluation of properties and capitalised services) in 2018.

2 Other current receivables

in TCHF	31.12.2019	31.12.2018
Value-added tax receivables	1,464	4,468
Heating and lump sum charges	3,734	3,759
Escrow account	1,350	1,350
Advance payment for cloud product license volumes	0	5,136
Further charging to tenants	1,421	0
Current accounts condominium ownership	531	386
Other current receivables	759	193
Total	9,259	15,293

As part of a cooperation agreement with Microsoft, HIAG committed itself to the procurement of license volumes for cloud products in 2017. In this connection, an advance payment of TCHF 5,429 was made to Microsoft in 2017. The change in this item compared to the previous year is due to the use of license volumes of TCHF 375 (2018: TCHF 293) and to a complete value adjustment of the remaining advance payment of TCHF 4,761. The reason for the value adjustment is that the licenses are contractually usable only until 30 June 2020 and, due to the decision not to continue the Cloud Services segment, it is unlikely that they will be used by the end of June 2020. The use and impairment are recognised in the income statement under office and administrative expenses.

In connection with the development of the site in Frauenfeld, HIAG was compensated by the former owners in 2016 for assumption of the contaminated site risks with a contribution of TCHF 1,350. This contribution was transferred to an escrow account and will be released in 2021 after completion of the remediation of the contaminated site.

The increase in the item “Other short-term receivables” is connected with social security receivables of Jaeger et Bosshard SA, and a deposit for rent for the office premises of HIAG Data AG.

3 Inventory

in TCHF	31.12.2019	31.12.2018
Inventory	420	–
Total	420	–

The inventories are connected with the acquisition of Jaeger et Bosshard SA, which specialises in metal recycling.

4 Other non-current receivables

in TCHF	31.12.2019	31.12.2018
Other non-current receivables	**3,554**	2,554

The other long-term receivables consist of a receivable from the previous year of TCHF 2,554, which arose as a result of the use of space beyond the ordinary rental period. To secure this receivable, an agreement was signed in the previous year on the transfer of first-ranking promissory notes from an industrial site.

5 Real estate properties

in TCHF	31.12.2019	31.12.2018
Fire insurance value	**1,671,833**	1,621,205
Pledges to secure mortgage loans	**341,840**	344,840

Due to property purchases, the fire insurance values rose during the reporting period by a total of TCHF 44,103 (2018: TCHF 165,663).

in TCHF	Real estate	Properties	Properties currently under development	Total real estate properties
Balance at 01.01.2018	**107,229**	**1,113,321**	**62,113**	**1,282,663**
Reclassifications	–	–33,220	33,220	–
Additions	1,255	123,528	33,990	158,773
Disposals	–	–1,466	–24,590	–26,056
Revaluation of properties without environmental risks	24,596	40,091	6,867	71,555
Change of costs for environmental risks	990	–553	821	1,258
Balance at 31.12.2018	**134,070**	**1,241,701**	**112,421**	**1,488,191**
Reclassifications of properties held for sale	–	–	–11,780	–11,780
Balance after reclassifications as at 31.12.2019	**134,070**	**1,241,701**	**100,641**	**1,476,412**
Balance at 01.01.2019	**134,070**	**1,241,701**	**112,421**	**1,488,191**
Reclassifications	56,115	13,836	–69,951	–
Additions	2,936	69,629	30,952	103,516
Disposals	–	–38	–12,004	–12,042
Additions in scope of consolidation	–	13,500	–	13,500
Revaluation of properties without environmental risks	–16,969	10,664	1,336	–4,969
Change of costs for environmental risks	–5,123	–10,740	–656	–16,519
Balance at 31.12.2019	**171,029**	**1,338,552**	**62,097**	**1,571,676**
Reclassifications of properties held for sale	–	–	–8,633	–8,633
Balance after reclassifications as at 31.12.2019	**171,029**	**1,338,552**	**53,464**	**1,563,043**

In the reporting period, all properties were valued by Wüest Partner AG. The discount rates underlying the property valuations ranged from 1.95% to 6.00% as at the balance sheet date (31 December 2018: 1.95% to 7.00%). Properties for sale in the reporting year include promotion projects valued for the first time at cost. In the previous year, properties for sale included promotion projects that were valued at market value.

The additional costs to be expected due to environmental risks are analysed mainly by Ecosens AG on the basis of historical and technical studies and are included in the real estate investments with an amount of TCHF 43,551 (2018: TCHF 27,032) as of the balance sheet date. The clarification of environmental risks is an ongoing process. New findings from remediation work carried out and historical or technical investigations are taken into account on the balance sheet date and have led to an increase in the deductions for environmental risks of TCHF 13,914 (31 December 2018: decrease of TCHF 4,887) recognised in the income statement. As a result of the acquisitions and rounding off of the Altstetten, Lupfig and Biberist sites, there was an increase of TCHF 2,605 that was not recognised in the income statement and which was included in the purchase prices of the acquisitions. Following the bankruptcy of Rohner AG, Pratteln, HIAG decided to redevelop and demolish the site from 2019. The provision for the Pratteln site was updated accordingly (increase of TCHF 2,139 affecting net income). In Menziken, a new development scenario was mapped after the expiry of the permit for a data centre. This mapping resulted in an increase of the provision of TCHF 2,991. The increase of the provision in Dornach (TCHF 4,439) is connected with the mapping of a development scenario and in Biberist (TCHF 2,888) with a new assessment of the asbestos risk and an update of the realisation schedule of the development. The expected additional costs due to environmental risks are discounted. A discount rate of 2.00% was applied as of 31 December 2019 (31 December 2018: 2.00%).

The effective acquisition costs for the Group's historical properties cannot be reliably determined in some cases due to the fact that some of the acquisition dates and investments were made a long time ago. For this reason, the acquisition values for the entire portfolio are not disclosed.

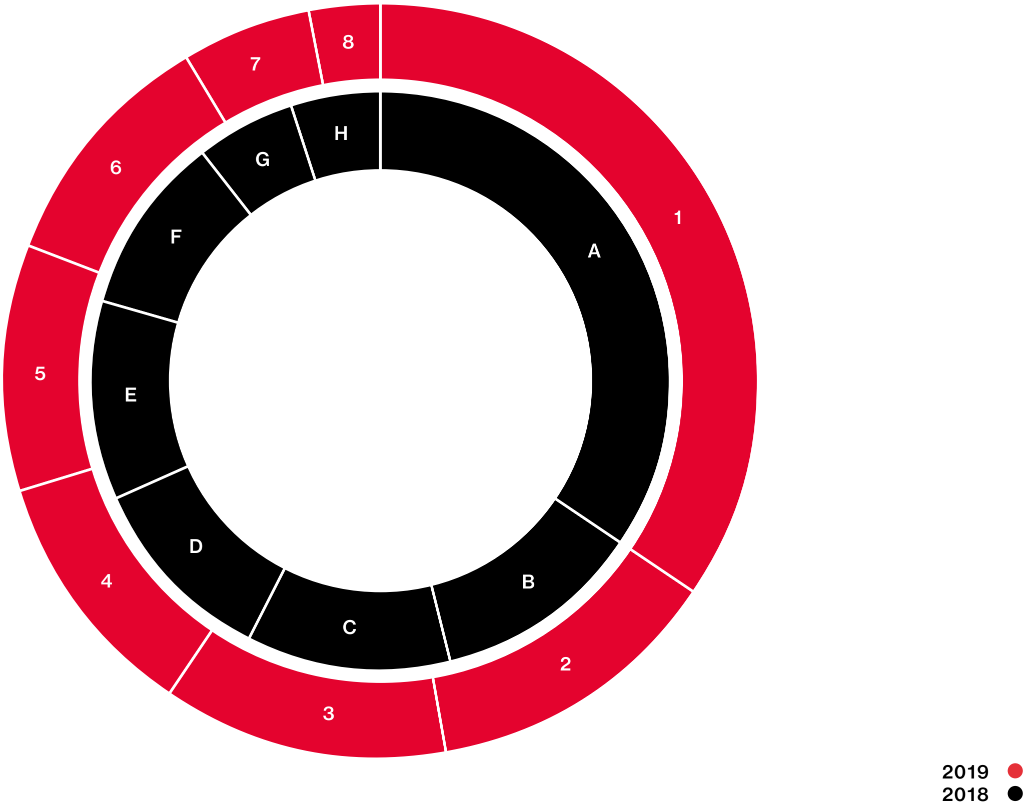
The additions in 2019 in the amount of TCHF 103,516 resulted from investments in 63 properties and at TCHF 51,454 from the acquisition of the site in Altstetten, the acquisition of Jaeger et Bosshard SA in Lancy and the rounding off of the Biberist and Lupfig sites. The largest investments in the existing portfolio were made in Frauenfeld (TCHF 14,019), Niederhasli (TCHF 12,149), Meyrin (TCHF 7,289) and Windisch (TCHF 5,713).

Disposals amounting to TCHF 12,042 relate mainly to the sale of condominium interests in the project The Cloud in Baar (TCHF 10,847) and the Walzmühle project in Frauenfeld (TCHF 1,157).

Properties held for sale

in TCHF	31.12.2019	31.12.2018
Project "The Cloud" (Baar)	–	11,780
Project Walzmühle	8,633	–
Total	**8,633**	**11,780**

As of the balance sheet date 2019, the condominium shares of the loft buildings on the Walzmühle site in Frauenfeld were for sale. There are no outstanding payments for the notarised units as at 31 December 2019.

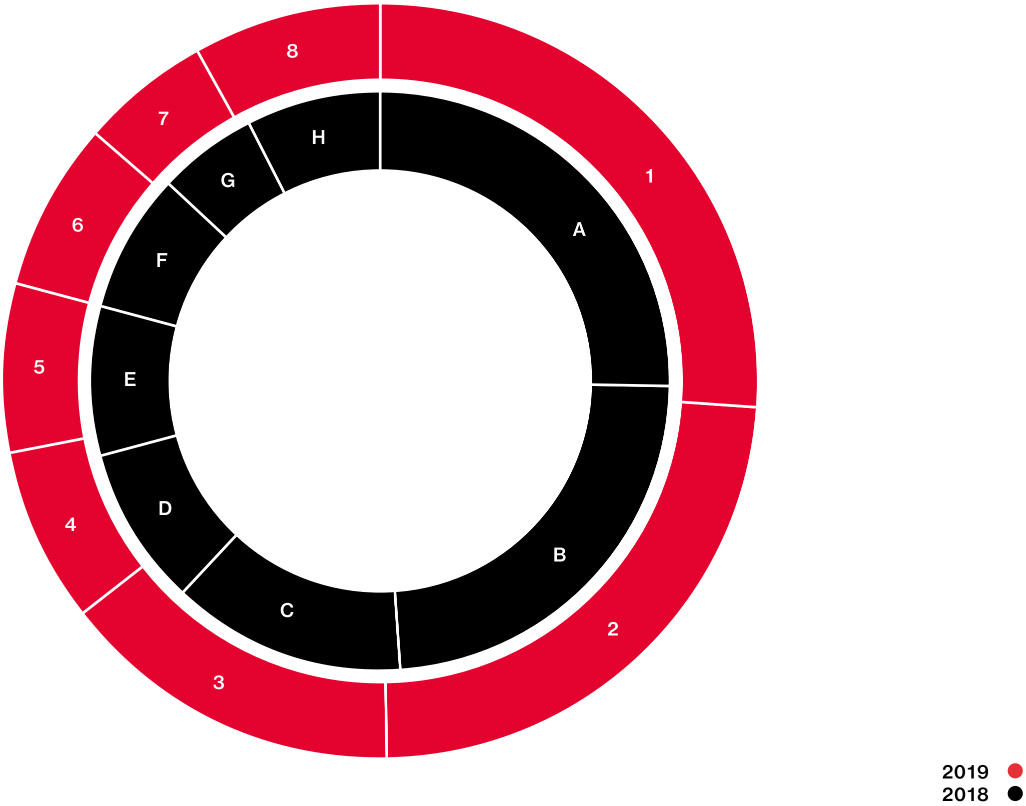


Market value of real estate properties according to use as at 31.12.2019

1	Industry, commercial	34.6%
2	Residential	12.7%
3	Building land	12.3%
4	Distribution, logistics	10.7%
5	Office	10.7%
6	Retail	10.6%
7	Residential and commercial	5.6%
8	Miscellaneous	2.8%

Market value of real estate according to use as at 31.12.2018

A	Industry, commercial	34.6%
B	Residential	11.7%
C	Retail	11.3%
D	Distribution, logistics	11.0%
E	Office	10.9%
F	Building land	10.2%
G	Residential and commercial	5.5%
H	Miscellaneous	4.8%



Market value of real estate properties according to canton as at 31.12.2019

1	Zurich	26.3%
2	Aargau	23.6%
3	Geneva	14.6%
4	Zug	7.5%
5	Solothurn	7.4%
6	Basel-Landschaft	7.1%
7	St. Gallen	5.5%
8	Miscellaneous	8.0%

Market value of real estate properties according to canton as at 31.12.2018

A	Aargau	25.3%
B	Zurich	23.7%
C	Geneva	13.0%
D	Basel-Landschaft	8.9%
E	Zug	8.4%
F	Solothurn	7.7%
G	St. Gallen	5.5%
H	Miscellaneous	7.5%

6 Other property, plant and equipment and intangible fixed assets

in TCHF	Other property, plant and equipment	Multi-cloud Infrastructure	Multi-cloud Infrastructure in Leasing	Total	Intangible fixed assets
Book value at 01.01.2018	**3,690**	**34,505**	**8,552**	**46,748**	**86**
Additions	254	13,219	9,147	22,620	30
Disposals	–	–19	–	–19	–
Book value at 31.12.2018/01.01.2019	**3,944**	**47,706**	**17,699**	**69,349**	**116**
Additions	140	469	–	609	–
Disposals	–	–	–	–	–
Additions in scope of consolidation	534	–	–	534	–
Book value at 31.12.2019	**4,618**	**48,175**	**17,699**	**70,492**	**116**
Cumulative amortisation at 01.01.2018	**3,018**	**1,493**	**–**	**4,511**	**86**
Amortisation	185	8,344	3,319	11,848	5
Impairment	–	12,590	–	12,590	–
At 31.12.2018/01.01.2019	**3,202**	**22,427**	**3,319**	**28,949**	**91**
Amortisation	382	7,770	4,425	12,577	10
Impairment	–	17,978	9,955	27,932	15
Cumulative amortisation at 31.12.2019	**3,585**	**48,175**	**17,699**	**69,458**	**116**
Net book value at 31.12.2018	742	25,278	14,380	40,400	25
Net book value at 31.12.2019	**1,034**	**–**	**–**	**1,034**	**–**

No finance lease agreements for multi-cloud infrastructure were concluded in the reporting year (2018: TCHF 9,147).

In connection with the acquisition of Jaeger et Bosshard SA, property, plant and equipment of TCHF 534 was acquired. The majority of these assets are machinery (TCHF 315) and transport vehicles (TCHF 193).

Following the decision of the Board of Directors of HIAG Immobilien Holding AG on 13 August 2019 to discontinue the Cloud Services business model, HIAG has focused on the exploitation and marketing of existing assets. These activities will be carried out within the framework of a cooperation with the Tarchini Group and Beelastic, which was announced on 27 December 2019. At the time of publication of the annual report 2019, the value of the remaining assets is difficult to assess, as the disposal activities are not yet operational. For this reason, all remaining assets were written down by 100% as of 31 December 2019.

7 Prepayments and accrued income

in TCHF	31.12.2019	31.12.2018
Financing costs bonds	**1,228**	1,163
Insurance premiums and benefits	**980**	2,622
Accrued income (rental income, sale of electricity, etc.)	**2,172**	2,270
Service and licence contracts with a term exceeding balance sheet date	**96**	1,777
Miscellaneous	**751**	609
Total	**5,227**	**8,442**

Insurance premiums and benefits comprise TCHF 974 in relation to cases of fire and other damaging events during the reporting period (2018: TCHF 2,517).

Prepaid expenses and accrued income in connection with service and license agreements with terms exceeding the balance sheet date are significantly lower than in the previous year (TCHF 1,681), as these agreements are no longer recoverable as of 31 December, 2019 due to the decision of the Board of Directors to terminate the operations of the Cloud Services segment.

The position “Miscellaneous” includes subsidies of TCHF 190 for the Frauenfeld project. The previous year includes accruals for unbilled VAT receivables of TCHF 292.

8 Financial assets, financial assets from shareholders and financial assets from related parties

8.1 Financial assets

in TCHF	31.12.2019	31.12.2018
Employer contribution reserve	**–**	365
Other financial assets	**142**	142
Loans to third parties	**5,206**	800
Total	**5,348**	**1,307**

In the reporting period, loans amounting to TCHF 5,549 were guaranteed. All loans bear interest at market rates. Loans in the amount of TCHF 300 were repaid in the year under review. A loan including interest receivable for a total of TCHF 849, which was granted in the reporting year, was written off in full as at 31 December 2019, as repayment at the time of publication of the annual report 2019 is unlikely due to the borrower’s economic situation.

8.2 Financial assets from shareholders

in TCHF	31.12.2019	31.12.2018
Loans to members of the Executive Board	**1,300**	1,395
Loans to Group employees	**1,030**	1,330
Total	**2,330**	**2,725**

These loans are subject to market rate interest and are secured by employee shares.

8.3 Deferred taxes from capitalised losses carried forward

in TCHF	31.12.2019	31.12.2018
Capitalised losses carried forward	513	320
Total	**513**	**320**

The capitalised tax loss carryforwards represent the expected economic benefit within the next 12 months.

8.4 Other current financial assets from shareholders

in TCHF	31.12.2019	31.12.2018
Loans to members of the Executive Board	–	2,010
Total	**–**	**2,010**

Loans to members of the Group Executive Board amounting to TCHF 2,010 were fully repaid in the reporting period.

9 Other current liabilities

in TCHF	31.12.2019	31.12.2018
To third parties	4,632	3,838
Advance payments	2,725	4,812
Total	7,357	**8,650**

"Other current liabilities to third parties" includes mainly accumulated payments on account for heating and service charge settlement amounting to TCHF 3,172 (2018: TCHF 2,935).

Advance payments include property income paid in advance amounting to TCHF 2,725 (2018: TCHF 3,564). In the previous year, advance payments included prepayments of TCHF 50 for the sale of condominiums and advance payments of TCHF 1,198 for a construction project (31 December 2019: TCHF 0).

10 Provisions

in TCHF	Other provisions	LTIP provision	Provision for deconstruction and site remediation costs	Total
Book value at 01.01.2018	**485**	**1,450**	**–**	**1,935**
Increase	101	1,440	–	1,541
Utilisation	–52	–	–	–52
Release	–	–	–	–
Book value at 31.12.2018 / 01.01.2019	**534**	**2,890**	**–**	**3,424**
– thereof current	434	2,890	–	3,324
– thereof non-current	100	–	–	100
Increase	790	–	30,000	30,790
Utilisation	–165	–2,890	–	–3,055
Release	161	–	–	161
Book value at 31.12.2019	**1,320**	**–**	**30,000**	**31,320**
– thereof current	660	–	30,000	30,660
– thereof non-current	660	–	–	660

As no new Long Term Incentive Plan (LTIP) was concluded for the financial year 2019 (see Note 21), no provision was made as of 31 December 2019 (2018: TCHF 1,440). Due to the payment of the LTIP 2014–2018, the provision was used.

In the reporting period, a short-term provision of TCHF 30,000 was made for the dismantling of the production infrastructure and the rehabilitation of the site in Pratteln. In connection with the bankruptcy of Rohner AG, Pratteln, HIAG will assume the costs for the demolition of the production infrastructure, which contractually should have been borne by the tenant. This includes in particular measures to bring the facilities to a chemical-free condition. The dismantling and refurbishment will start in 2020 and will last for about two years. At the time of publication of the annual report, no information is available to make a distinction between short term and long term. For this reason, the provision has been fully classified as short term as of 31 December 2019.

In the reporting period, a provision for additional costs for the completed Cloud project in Baar in the amount of TCHF 610 was recognised. Based on the ongoing technical clarifications, management assumes that the work will not take place until 2021.

There were no provisions for pension obligations or restructuring either in the reporting period or in the previous year. Only risks with a probability of at least 50% have been taken into account.

11 Financial liabilities

in TCHF	31.12.2019	31.12.2018
Non-current bank liabilities	179,178	187,744
Bonds	640,000	490,000
Non-current leasing liabilities	4,220	9,593
Total	**823,397**	**687,337**

"Non-current bank liabilities" includes financing with a remaining term of more than 12 months as of the balance sheet date. All bank financing is secured by mortgages.

The loan-to-value ratio ([cash and cash equivalents + financial liabilities] / real estate value+multi-cloud infrastructure) was 51.4% as at the reporting date (2018: 43%). The debt ratio at fair value (bank liabilities / real estate value) was 11% (2018: 13%).

The average interest rate for bank liabilities was 0.9% in the reporting year (2018: 0.9%). Bank liabilities due within 12 months amount to TCHF 2,378 (2018: TCHF 4,721) and lease liabilities due within 12 months amount to TCHF 5,524 (2018: TCHF 5,419). Short-term bank loans and short-term leasing liabilities are disclosed as short-term financial liabilities in the year under review. The previous year includes a loan with third parties in the amount of TCHF 4,500, which was repaid in full in the reporting year.

In May 2019, a fixed-interest bond for TCHF 150,000 with a term of five years was issued. The proceeds were used mainly for the repayment of existing bank liabilities.

Benchmarks	Bond May 2019	Bond October 2018	Bond May 2017	Bond July 2016	Bond July 2015
Amount	TCHF 150,000	TCHF 125,000	TCHF 150,000	TCHF 115,000	TCHF 100,000
Maturity	5 years (08.05.2019 – 08.05.2024)	4 years (26.10.2018 – 26.10.2022)	5 years (30.05.2017 – 30.05.2022)	7 years (04.07.2016 – 04.07.2023)	6 years (01.07.2015 – 01.07.2021)
Interest rate	0.875%	1.0%	0.8%	1.0%	1.0%
Listing	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Security number	47,129,798	43,467,844	36,274,830	32,637,142	28,460,739
ISIN	CH0471297983	CH0434678444	CH0362748300	CH0326371421	CH0284607394

Conditions of financial liabilities as at 31.12.2019

Item	Book value	Currency	Due date	Interest rate
Bank liabilities	181,556	CHF	See "Due dates in TCHF as at 31.12.2019"	Between 0.5% and 2.9%
Bonds	640,000	CHF	01.07.2021/ 30.05.2022/ 26.10.2022/ 04.07.2023/ 08.05.2024	Between 0.8% and 1.0%
Leasing liabilities	9,743	CHF	31.10.2021 with quarterly repayments	0.5%
Total	**831,299**			

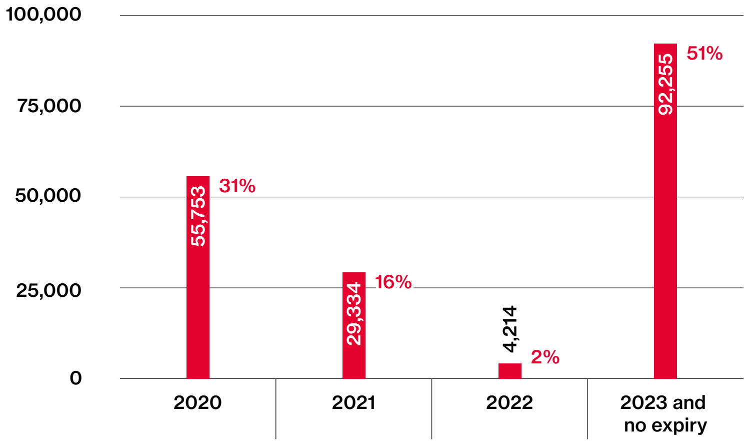
Financial liabilities are recorded and valued at nominal value. The loan with third parties in the amount of TCHF 4,500 was fully repaid in the year under review

Conditions of financial liabilities as at 31.12.2018

Item	Book value	Currency	Due date	Interest rate
Bank liabilities	192,465	CHF	See "Due dates in TCHF as at 31.12.2018"	Between 0.5% and 3.4%
Bonds	490,000	CHF	01.07.2021/ 30.05.2022/ 26.10.2022/ 04.07.2023	Between 0.8% and 1.0%
Leasing liabilities	15,012	CHF	31.10.2021 with quarterly repayments	0.5%
Loans from third parties	4,500	CHF	31.12.2019	3.0%
Total	**701,977**			

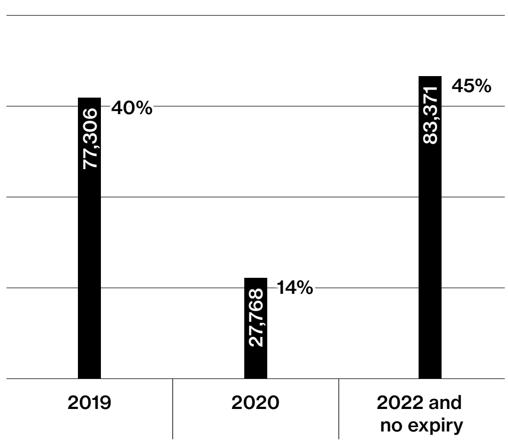
Financial liabilities are recorded and valued at their nominal value.

Due dates of bank liabilities in TCHF as at 31.12.2019



Total: TCHF 181,556 = 100%

Due dates of bank liabilities in TCHF as at 31.12.2018



Total: TCHF 192,465 = 100%

Interest rates of bank liabilities were fixed as follows as at 31 December 2019 (until the next interest rate adjustment):

Up to one year	124,683	69%
2021	29,334	16%
2022	4,214	2%
2023 and longer	23,325	13%
Total	**181,556**	**100%**

Interest rates of bank liabilities were fixed as follows as at 31 December 2018 (until the next interest rate adjustment):

Up to one year	180,581	94%
2020	4,513	2%
2022 and longer	7,371	4%
Total	**192,465**	**100%**

12 Accrued liabilities and deferred income

in TCHF	31.12.2019	31.12.2018
Operating expenses	**3,590**	3,436
Financing costs	**3,704**	2,911
Investments	**4,552**	5,682
Personnel-related accruals	**1,134**	1,332
Miscellaneous	**250**	605
Total	**13,229**	**13,966**

Operating expenses include TCHF 1,145 for office and administrative expenses (2018: TCHF 2,395), TCHF 668 for energy cost and services charges (2018: TCHF 558) and TCHF 1,743 for maintenance and repairs (2018: TCHF 469).

13 Deferred taxes

in TCHF	31.12.2019	31.12.2018
Deferred tax liabilities as at 1 January	**82,871**	**73,786**
Changes in the scope of consolidation	1,043	–
Net increase recognised through profit or loss	–	9,085
Net increase resolution through profit or loss	–15,186	–
Deferred tax liabilities as at 31 December	**68,728**	**82,871**

The provisions for deferred taxes are discounted with a discount rate of 2.00% as at 31 December 2019 (2018: 2.00%). The release of the provision was mainly in connection with the resolved cantonal tax rate reductions (TCHF 10,277) and the negative change in value from revaluation of real estate investments in the reporting period.

14 Employee benefits

The HIAG Group has occupational pension plans for its employees. These institutions are financially independent foundations, whereby the HIAG Pension Fund is financed by employee and employer contributions, and the patronage institutions, the HIAG Group's welfare fund and the welfare foundation of HIAG Immobilien Schweiz AG are financed exclusively by employer contributions. The benefits are calculated according to the amount of the contributions paid in or according to the coverage provided by the respective insurance company (defined contribution plan). The Group companies have neither an economic benefit nor an economic obligation arising from the employee pension plan. There is no intention to draw future economic benefit from the existing free reserves.

in TCHF	Nominal value	Renounced use	Balance sheet	Accumulation	Balance sheet	Result from ECR in personnel expenses	
	31.12.2019	31.12.2019	31.12.2019	2019	31.12.2018	2019	2018
Patronage pension institutions	–	–	–	–	365	365	362
Pension institution	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**365**	**365**	**362**

in TCHF	Surplus/deficit coverage	Economical part of the organisation	Change to prior year period or recognised in the current result of the period, respectively	Contributions concerning the business period	Pension expenses within personnel expenses
	31.12.2019	31.12.2019	2019	2019	2019
Patronage pension institutions	–	–	–	–	–
Pension institution	8,164	–	–	–	835
Total	**8,164**	**–**	**–**	**–**	**835**

Composition of employee pension expenses

in TCHF	2019
Contributions to pension funds at the expense of the company	470
Contributions to pension plans made from the employer contribution reserve (ECR)	365
Total contributions	**835**
Changes in the employer contribution reserve stemming from asset performance, impairment, discounts, assessment of interest, etc.	–
Total contributions and changes to employer contribution reserve	**835**
Changes in the economic benefit of the company from surplus coverage	–
Changes in the economic benefit of the company from deficit coverage	–
Total changes in the economic impacts from surplus/deficit coverage	**–**
Total pension expenses in terms of employee benefit expenses during the reporting period	**835**
– thereof in personnel expenses	787
– thereof in office, administrative, and development expenses	48
Total	**835**

The pension expenses for members of the Board of Directors are included in Office administrative and development expenses. All other pension expenses are disclosed under Personnel expenses.

in TCHF	Nominal value	Renounced use	Balance sheet	Accumulation	Balance sheet	Result from ECR in personnel expenses	
	31.12.2018	31.12.2018	31.12.2018	2018	31.12.2017	2018	2017
Patronage pension institutions	365	–	365	–	727	362	362
Pension institution	–	–	–	–	–	–	2
Total	**365**	**–**	**365**	**–**	**727**	**362**	**364**

in TCHF	Surplus/deficit coverage	Economical part of the organisation	Change to prior year period or recognised in the current result of the period, respectively	Contributions concerning the business period	Pension expenses within personnel expenses
	31.12.2018	31.12.2018	2018	2018	2018
Patronage pension institutions	–	–	–	–	–
Pension institution	3,927	–	–	–	623
Total	**3,927**	**–**	**–**	**–**	**623**

Composition of employee pension expenses

in TCHF	2018
Contributions to pension funds at the expense of the company	261
Contributions to pension plans made from the employer contribution reserve (ECR)	362
Total contributions	**623**
Changes in the employer contribution reserve stemming from asset performance, impairment, discounts, assessment of interest, etc.	–
Total contributions and changes to employer contribution reserve	**623**
Changes in the economic benefit of the company from surplus coverage	–
Changes in the economic benefit of the company from deficit coverage	–
Total changes in the economic impacts from surplus / deficit coverage	**–**
Total pension expenses in terms of employee benefit expenses during the period under review	**623**
– thereof in personnel expenses	575
– thereof in office, administrative, and development expenses	48
Total	**623**

15 Property income

in TCHF	2019	2018
Rental income excl. lump sum charges	**60,533**	56,496
Lump sum charges	**1,199**	1,116
Other property income	**1,415**	1,162
Decrease in income	**–113**	–532
Total	**63,034**	**58,242**

As at 31 December 2019, the item "Rental income excl. lump sum charges" includes a release of prepaid expenses in the amount of TCHF 35 (31 December 2018: creation of TCHF 368) for rental agreements with rent-free periods. The position "Other property income" includes electricity sales proceeds from own power plants in the amount of TCHF 939 for 2019 (2018: TCHF 906).

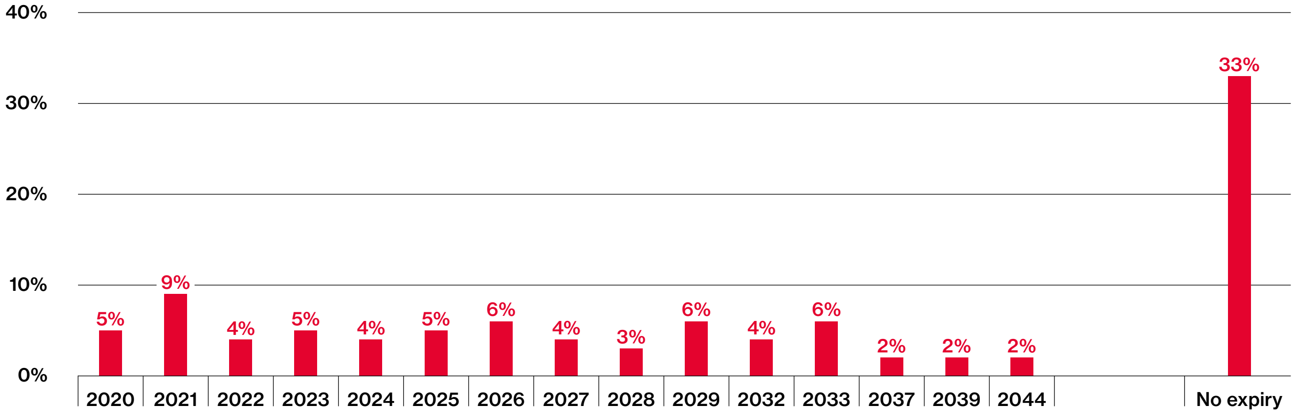
Most significant tenants

The five most significant tenants measured according to property income were (in alphabetical order): Amcor Flexibles Rorschach AG, Doka Schweiz AG, Hewlett-Packard International Sàrl, OTTO's AG and Sieber Transport AG.

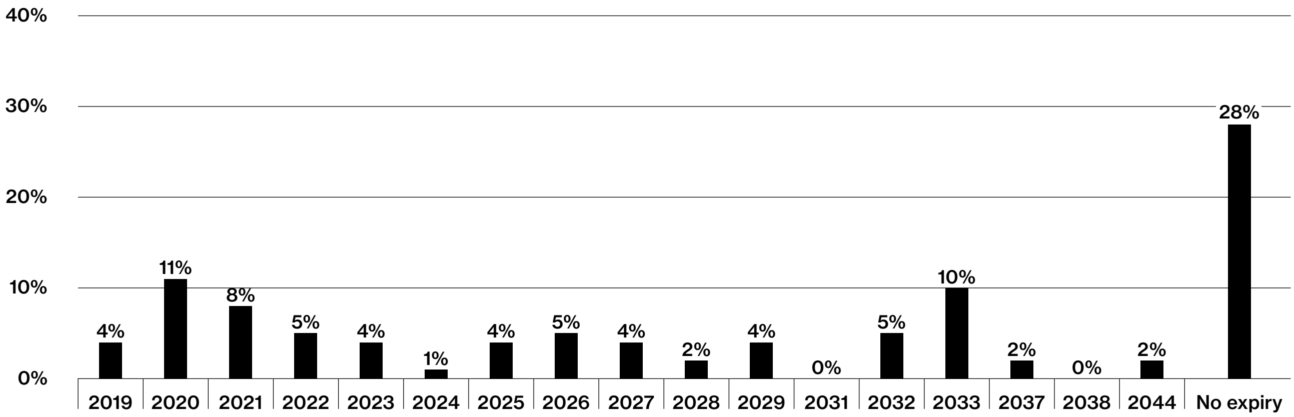
Share of property income represented by (%):	2019	2018
The largest tenant	**4%**	4%
The three largest tenants	**12%**	11%
The five largest tenants	**18%**	18%
The 10 largest tenants	**31%**	30%

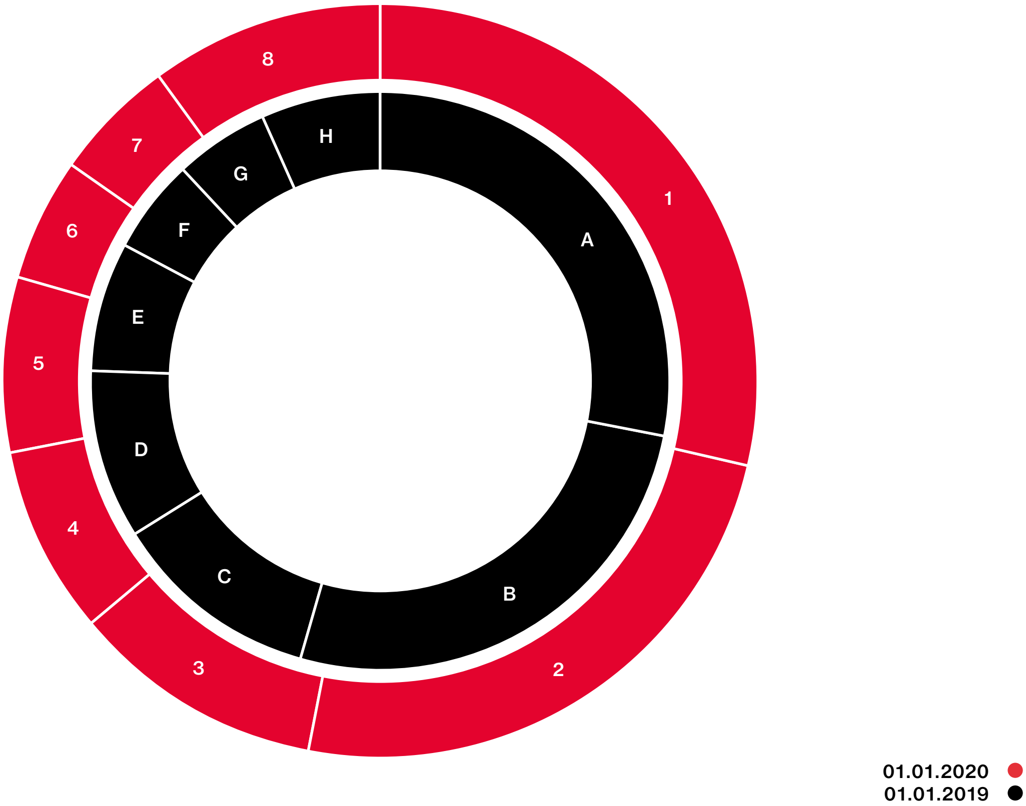
The overview of the expiry profile of rental agreements shows when the agreements can be terminated at the earliest.

Overview of due dates of rental agreements as of 01.01.2020



Overview of expiry profile of rental agreements as of 01.01.2019



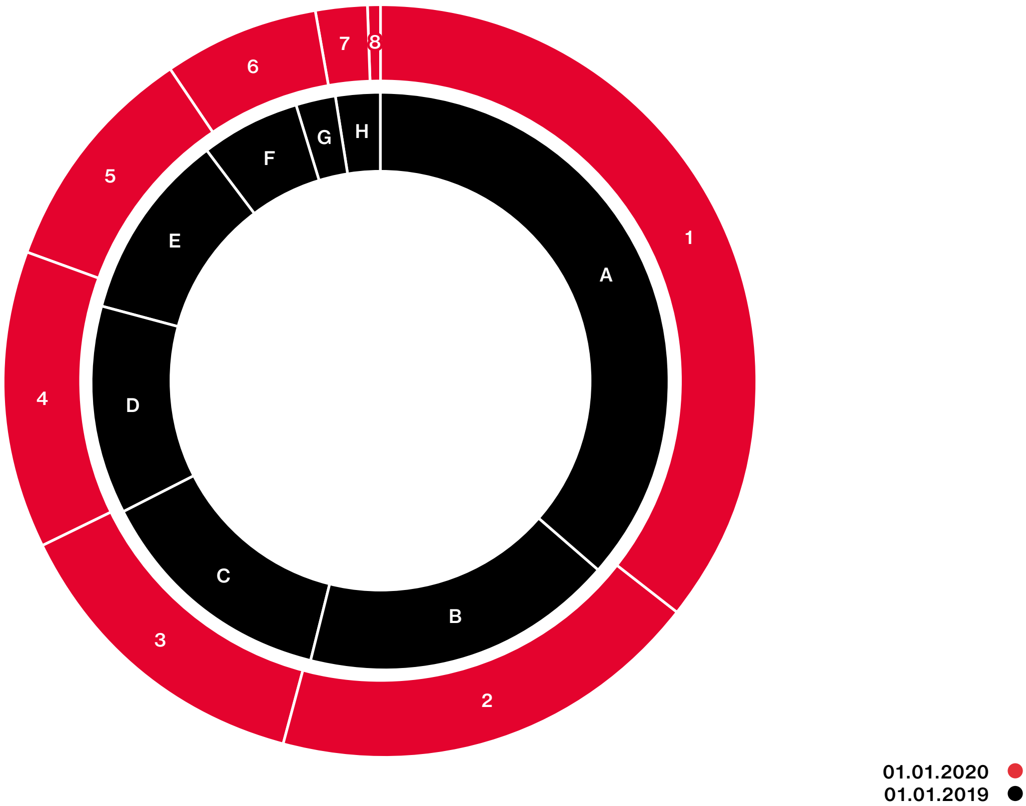


Annualised property income by canton as at 01.01.2020

1	Aargau	28.8%
2	Zurich	24.3%
3	Geneva	10.9%
4	Basel-Landschaft	8.1%
5	Solothurn	7.6%
6	Zug	5.2%
7	St. Gallen	5.1%
8	Miscellaneous	10%

Annualised property income by canton as at 01.01.2019

A	Aargau	28.2%
B	Zurich	26.4%
C	Basel-Landschaft	11.7%
D	Geneva	9.5%
E	Solothurn	7.3%
F	Zug	5.3%
G	St. Gallen	5.2%
H	Miscellaneous	6.5%



Annualised rental income by property use as of 01.01.2020

1	Industry, commercial	35.8%
2	Distribution, logistics	18.6%
3	Office	13.5%
4	Residential	12.8%
5	Retail	9.9%
6	Residential and commercial	6.8%
7	Building land	2.2%
8	Miscellaneous	0.4%

Annualised rental income by property use as of 01.01.2019

A	Industry, commercial	36.4%
B	Distribution, logistics	17.9%
C	Retail	13.5%
D	Office	11.7%
E	Residential	10.4%
F	Residential and commercial	5.7%
G	Building land	2.1%
H	Miscellaneous	2.4%

Vacancy rate in %	2019	2018
Yielding properties	**14.4%**	12.1%
Yielding properties undergoing repositioning[1]	**40.9%**	39.7%
Redevelopment properties	**13.7%**	13.6%
Total portfolio	**16.2%**	**14.3%**

1 Mandachstrasse 50–56 ZH and Sternenfeldpark 14, BL

The relocation of Decathlon to Dietikon and the reclassification of development projects to the portfolio with initial vacancies that are higher than the current vacancy rate (Meyrin 32%, Frauenfeld 24%, Neuchâtel 18%) explain a significant part of this increase.

On a comparable basis (excluding the acquisitions in Altstetten and the rounding off of Lancy, Hausen-Lupfig and Biberist), the vacancy rate for the existing properties is 14.4% and 16.3% for the entire portfolio.

16 Revaluation of properties (net)

in TCHF	2019	2018
Positive adjustments	**52,423**	100,215
Negative adjustments	**–69,226**	–23,776
Total	**–16,803**	**76,439**

The most significant adjustments were carried out for sites in Altstetten (TCHF 9,856), Meyrin (TCHF 7,942), Dornach (TCHF 4,834), Cham (TCHF 2,191), Hausen/Lupfig (TCHF 2,191), Lancy (TCHF 1,958), Wetzikon (TCHF 1,924), Pratteln (TCHF –20,429), Menziken (TCHF –9,548), Klingnau (TCHF –5,622), Biberist (TCHF –4,323), Dietikon (TCHF –3,514) and Windisch (TCHF –2,453).

The devaluation in Pratteln is due to the bankruptcy of Rohner AG, Pratteln. Following the bankruptcy, HIAG has decided to redevelop and deconstruct the site from 2020. In Menziken, a new development scenario was mapped out after the expiry of the permit for a data centre. This scenario has led to an increase in the environmental risk provision and devaluation of the properties.

Out of a total of 120 properties, 55 underwent positive adjustments, 60 properties were affected by negative adjustments and five properties showed no change.

17 Cloud Services income

in TCHF	2019	2018
Cloud infrastructure	335	690
Point-to-cloud connection	258	254
Consumption Azure license	37	–
Total	**630**	**944**

18 Other operating income

in TCHF	2019	2018
Services rendered to third parties	759	756
Sales from metal recycling	4,716	–
Other operating income	888	6,291
Total	**6,363**	**7,047**

"Other operating income" includes the Executive Board, asset management and technical administrative management of the pension fund "HIAG Pensionskasse", and HR services for companies affiliated with "HIAG Pensionskasse".

The position "Sales from metal recycling" includes income from the acquired company Jaeger et Bosshard SA for the period from 1 June 2019 to 31 December 2019, and also includes the one-off release of an unused accrual of TCHF 330 in connection with a legal case.

The item "Other operating income" in the previous year includes an insurance compensation in the amount of TCHF 1,617 due to the fire in Füllinsdorf. In the year under review TCHF 218 less than originally expected was paid. Furthermore, income of TCHF 231 from the sale of machines and spare parts in Biberist is included in the position "Other operating income" (2018: TCHF 4,351).

19 Cost of materials

in TCHF	31.12.2019	31.12.2018
Inventory	2,045	–
Total	**2,045**	**–**

The cost of materials is connected with the acquisition of Jaeger et Bosshard SA, a company that specialises in metal recycling.

20 Personnel expenses

in TCHF	2019	2018
Wages and salaries	11,631	10,736
Social security contributions	1,732	1,225
Other personnel expenses [1]	1,270	1,301
Total	14,633	13,262

1 Thereof discount on the sale of HIAG Immobilien Holding AG shares for HIAG Group employees (TCHF 647, 2018: TCHF 663 for HIAG Immobilien Holding AG shares and HIAG Data AG shares)

	31.12.2019	31.12.2018
Employee headcount	107	62
– thereof real estate	51	48
– thereof Pratteln site	23	–
– thereof cloud services	20	14
– thereof Jaeger et Bosshard SA	13	–
Full-time employees	96.5	53.0
– thereof real estate	42.3	39.4
– thereof Pratteln site	21.8	–
– thereof cloud services	19.4	13.6
– thereof Jaeger et Bosshard SA	13.0	–

Thirteen full-time employees were taken over from the acquisition of Jaeger et Bosshard SA. As part of the deconstruction and redevelopment project of the Pratteln site, 23 employees of the former Rohner AG, Pratteln, were taken over in October 2019.

21 Share-based compensation

Due to the announced change of managing director, the Board of Directors decided not to launch a new long-term incentive plan for the HIAG Real Estate division for 2019. A new long-term incentive plan will be set up when the new managing director joins the company in 2020.

Due to the decision of the Board of Directors of HIAG Immobilien Holding AG to discontinue the development of its multi-cloud platform and because no triggering event defined in the HIAG Data long-term incentive plan has occurred, this long-term incentive plan will not have any financial impact. The LTIP HIAG Data also had no effect on the net profit for the period (2018: TCHF 0). No provision was reversed or formed as of the balance sheet date.

22 Maintenance and repairs

In the reporting period, a short-term provision of TCHF 30,000 was made for the dismantling of the production infrastructure and the rehabilitation of the site in Pratteln. In connection with the bankruptcy of Rohner AG, Pratteln, HIAG will assume the costs for the demolition of the production infrastructure, which contractually should have been borne by the tenant. This includes in particular measures to bring the facilities to a chemical-free condition. The dismantling and refurbishment will start in 2020 and will last for about two years.

23 Energy and service charges

The item "Energy and service charges" includes costs in the amount of TCHF 1,199 that were billed to tenants (2018: TCHF 1,116). These billings are disclosed under "Property income".

24 Office, administrative and development expenses

in TCHF	2019	2018
Office, administrative and development expenses	27,278	9,271
– thereof property expenses	1,754	1,969
– thereof cloud services	21,314	4,048

Property expenses consist primarily of local property administration fees, initial letting fees and valuations of the portfolio.

Cloud Services expenses have increased as the segment was still in the process of being established in the first half of 2019, in particular with the development of a multi-cloud platform. Following the decision of the Board of Directors on 13 August 2019 to discontinue the Cloud Services segment, and as the licences are contractually usable only until 30 June 2020, the pre-paid licences were written off in full as at 31 December 2019 (TCHF 4,761). They are included in office and administrative expenses.

25 Rent and leases

in TCHF	2019	2018
Office rent and leases	994	626
Rent cloud services	213	232
Building rights	733	851
Total	**1,940**	**1,710**

The position "Office rent and leases" includes rent for the Cloud Services segment (TCHF 542; 2018: TCHF 267) and rent from Jaeger et Bosshard SA (TCHF 60; 2018: TCHF 0).

26 Amortisation

in TCHF	2019	2018
Other property, plant and equipment	382	185
Other intangible fixed amortisation	10	5
Other intangible assets impairment	15	–
IT and network infrastructure amortisation	12,195	11,924
IT and network infrastructure impairment	27,934	12,328
Total	**40,536**	**24,442**

Following the decision by the Board of Directors of HIAG Immobilien Holding on 13 August, 2019 to discontinue the Cloud Services business model, HIAG has focused on the exploitation and marketing of existing assets. These activities will be conducted, among others, within the framework of the cooperation with the Tarchini Group and Beelastic, which was communicated on 27 December. As of the date of publication of the annual report 2019, the value of the remaining assets is difficult to assess, as the recycling activities are not yet operational. For this reason, all remaining assets were written down by 100% as of 31 December, 2019 (TCHF 27,949).

In the previous year, the investments already made in the multi-cloud infrastructure were reviewed for impairment at the end of the year against the background of the technical developments that had taken place and the intended partnership with SIX Group. The assessment resulted in an impairment of TCHF 12,328 as of 31 December 2018.

27 Financial income

in TCHF	2019	2018
Securities income	9	29
Exchange rate gains	6	77
Other financial income [1]	347	312
Financial income from the sale of financial assets	815	–
Total	**1,178**	**418**

1 Thereof TCHF 303 corresponds to the amortisation between the equivalent value received and the repayment amount of the bonds in the reporting year (2018: TCHF 219).

During the year under review, the liquidation of Energie Biberist AG resulted in a liquidation surplus of TCHF 815, which is included in the position of “Financial income from the sale of financial assets”.

28 Financial expenses

in TCHF	2019	2018
Interest expenses from bank financing	1,461	1,688
Interest expenses from bonds	5,449	3,558
Bank fees and bank interest	265	234
Adjustment of securities at market prices	–	6
Exchange rate losses	71	133
Impairment of financial assets	849	3,892
Other capital expenditure[1]	591	467
Total	**8,686**	**9,977**

[1] In 2019, proportional issuing costs of the bond in the amount of TCHF 377 are amortised over the maturity of the bond in the income statement (2018: TCHF 232).

The average interest rates paid for bank liabilities came to 0.9% in the period under review (2018: 0.9%). The fluctuation corridor for interest rates was between 0.5% and 2.9% (2018: between 0.5% and 3.4%). Interest rates for construction loans for site development projects amounting to TCHF 141 were capitalised (2018: TCHF 188).

The position "Impairment of financial assets" includes the impairment of a loan to third parties in the amount of TCHF 843. The entire loan amount including the outstanding interest receivable of TCHF 6 was fully impaired in the reporting year, as repayment by the borrower is currently unlikely. In the previous year, this position included the value adjustment of a loan to third parties in the amount of TCHF 3,892. The value adjustment was made because the financial situation of the counterparty was considered critical.

29 Taxes

in TCHF	2019	2018
Income taxes	286	860
Deferred taxes	–15,186	9,084
Capitalisation of tax losses carried forward	–513	–320
Use of tax losses carried forward	320	1,771
Total	**–15,093**	**11,395**

In the reporting period, TCHF 15,186 of provisions for deferred taxes were released (2018: creation of TCHF 9,084). The release of the provision was related mainly to the adopted cantonal tax rate reductions (TCHF 10,277) and to the negative change in value from revaluation of real estate investments in the reporting year.

As it is probable that taxable profits can be offset against corresponding loss carryforwards, an economic benefit of TCHF 513 was capitalised in the 2019 financial year (2018: TCHF 320). The capitalisation corresponds to the expected economic benefit within the next 12 months. Of the capitalised tax loss carryforwards as of 31 December, 2019, TCHF 3 was used in the 2019 financial year (2018: TCHF 1,771) and TCHF 317 was released without being used.

As of the balance sheet date, the companies of the Group have unrecognised tax loss carryforwards totalling TCHF 238,916 (2018: TCHF 47,245). Potential tax reductions due to as yet unrecognised tax loss carryforwards amounted to TCHF 38,144 (2018:

TCHF 9,099) as of 31 December 2019. From today's perspective, this potential tax reduction is not recoverable.

The average applicable tax rate, calculated on the basis of the ordinary result, amounted to 13.8% in 2019 (2018: 15.9%). The tax effect from the use of unrecognised tax loss carryforwards amounted to TCHF 5 in 2019 (2018: TCHF 289).

30 Leasing liabilities

Liabilities from off-balance sheet operating leases mature as follows:

in TCHF	31.12.2019	31.12.2018
Up to 1 year	771	854
Between 2 and 4 years	1,291	1,696
Over 5 years	1,194	1,560
Total	**3,256**	**4,110**

The off-balance sheet liabilities from operating leases are related mainly to the rental agreements of the HIAG offices in Basel, Zurich, Geneva and Wallisellen.

31 Shareholders' equity

Composition of share capital

in TCHF	31.12.2019	31.12.2018
Registered shares as at 31 December (nominal value of CHF 1.00)	8,050,000	8,050,000
Total	**8,050,000**	**8,050,000**

On 31 December 2019, share capital consisted of 8,050,000 registered shares at a nominal value of CHF 1.00 per share (2018: 8,050,000). Each share is entitled to one vote. Pursuant to Article 3 of the Articles of Incorporation, the Board of Directors is authorised to increase the share capital of the company by a maximum of TCHF 1,600 until 19 April 2020. As at 31 December 2019, conditional share capital came to TCHF 350 (2018: TCHF 350).

The non-distributable statutory and legal reserves come to TCHF 1,610 (2018: TCHF 1,610).

Earnings and shareholders' equity (NAV) per share

in CHF	01.01.–31.12.2019	01.01.–31.12.2018
Net income excl. minority interests	–70,749	60,949
Time-weighted average number of shares outstanding	7,996,265	8,023,893
Earnings per average registered share outstanding	–8.85	7.60
Undiluted earnings per share	–8.85	7.60
Diluted earnings per share	–8.85	7.60

in CHF	31.12.2019	31.12.2018
Shareholders' equity (NAV) per outstanding registered share, before deferred taxes	92.60	108.55
Shareholders' equity (NAV) per outstanding registered share, after deferred taxes	**84.01**	98.18

As at 31 December 2019 there were no dilutive effects.

32 Significant shareholders

As at the reporting date, the following shareholders or shareholder groups were recognised by the Board of Directors as each holding more than 3% of voting rights in the company:

Voting rights	31.12.2019	31.12.2018
Lock-up group composed of:	65.5%	65.5%
SFAG Holding AG		
Dr. Felix Grisard		
HIAG Beteiligung Holding AG[1]		
Grisgros AG[2]		
Senft AG[3]		

1 HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard. In the previous year, the entire share portfolio was privately owned by Dr. Felix Grisard
2 Grisgros AG is controlled by Andrea Grisard. In the previous year, the entire share portfolio was privately owned by Andrea Grisard.
3 Senft AG is controlled by Salome Grisard Varnholt. In the previous year, the entire share portfolio was privately owned by Salome Grisard Varnholt.

The members of this shareholder group signed a shareholders' agreement on 14 April 2014 concerning shares of SFAG Holding AG. With 50.0% (2018: 50.0%) of shares, SFAG Holding AG is the majority shareholder of HIAG Immobilien Holding AG. By signing these shareholders' agreements, the shareholders of SFAG Holding AG and SFAG Holding AG became a group within the meaning of Art. 121 of the FINMA Stock Exchange Ordinance.

Shares held by current members of the executive and supervisory bodies

	31.12.2019	31.12.2018
Dr. Felix Grisard, President of the Board of Directors[1]	184,593	579,593
Salome Grisard Varnholt, Member of the Board of Directors[1]	395,000	–
HIAG Beteiligung Holding AG[2]	–	282,896
Senft AG[3]	282,896	–
Dr. Walter Jakob, Member of the Board of Directors	2,500	2,500
Balz Halter, Member of the Board of Directors	4,000	–
Dr. Jvo Grundler, Member of the Board of Directors and Executive Board	43,762	38,878
Laurent Spindler, CFO	6,391	4,123
Ralf Küng, Member of the Extended Executive Board	8,316	6,601
Alex Römer, Member of the Extended Executive Board	8,499	6,784
Thorsten Eberle, Member of the Extended Executive Board	6,046	4,331
Michele Muccioli, Member of the Extended Executive Board	5,225	3,510
Yves Perrin, Member of the Extended Executive Board	28,340	26,626
Hans-Lukas Fehr, former Member of the Extended Executive Board[4]	n/a	6,766
Martin Durchschlag, former CEO[4]	n/a	209,442
John Manser, former Member of the Board of Directors[4]	n/a	3,000
Total	975,568	1,175,050

1 Dr. Felix Grisard and Salome Grisard Varnholt are shareholders in the Board of Directors of SFAG Holding AG, which holds 4,025,805 shares in HIAG Immobilien Holding AG. With 50.0% of shares, SFAG Holding AG is the majority shareholder of HIAG Immobilien Holding AG. Dr Felix Grisard and Salome Grisard Varnholt jointly hold two thirds of the shares of SFAG Holding AG directly and indirectly.
2 HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard.
3 Senft AG is controlled by Salome Grisard Varnholt..
4 As of 31 December 2019 former members of the HIAG Group.

In connection with the stock component of the LTIP 2018 and with stock compensation components, 21,023 shares were allocated or sold to the Executive Committee in fiscal 2019 (2018: 22,026 shares).

33 Treasury shares

TCHF except for number of shares	Number of shares	2019	2018
Book value as at 1 Januar	55,938	6,921	281
Purchase	15,000	1,732	9,364
Sale	21,023	2,572	2,725
Book value as at 31 December	49,915	6,081	6,921

During the reporting period, 15,000 shares of HIAG Immobilien Holding AG were purchased by the company for a total amount of TCHF 1,732. 21,023 of these shares were purchased or attributed primarily in connection with the Long Term Incentive Plan by and to members of the Group's Executive Board and by Group employees as part of the employee participation plan. The sale and attribution resulted in a loss of TCHF 13, which was recorded under "Capital reserves".

The company held 49,915 treasury shares as at 31 December 2019 (prior year 55,938).

34 Other pledged assets

Rental deposits of TCHF 104 (2018: TCHF 104) and cash and cash equivalents of TCHF 164 in connection with rental deposits (2018: TCHF 156) are pledged as of 31.12.2019.

35 Assets assigned to secure own liabilities

in TCHF	31.12.2019	31.12.2018
Other current receivables (escrow account)	1,350	1,350

36 Contingent liabilities and other obligations not recognised in the balance sheet

in TCHF	31.12.2019	31.12.2018
Guarantees to third parties	32,116	32,116
Total	**32,116**	**32,116**

A purchase price adjustment clause was contractually agreed in connection with the acquisition of the participation Jaeger et Bosshard SA, which took place in the year under review. If the cumulative actual result of Jaeger et Bosshard SA for the years 2019–2023 is lower than CHF 7.5 million, the purchase price paid will be reduced by the difference between CHF 7.5 million and the cumulative actual result actually achieved. If the cumulative actual result actually achieved in the years 2019–2023 is higher than CHF 7.5 million, the purchase price paid is increased by the difference between CHF 7.5 million and the cumulative actual result actually achieved. Since management does not expect the actual cumulative actual result for the years 2019–2023 to exceed CHF 7.5 million based on the actual result for 2019, no provision for a purchase price adjustment was recognised as of 31 December, 2019.

37 Treatment of goodwill

Goodwill is recorded under retained earnings at the time of purchase. The impact of a goodwill useful life of five years on shareholders' equity and the result is documented below.

Impact of a theoretical capitalisation of goodwill on the balance sheet:

in TCHF	31.12.2019	31.12.2018
Reported shareholders' equity (excl. minority interest)	**672,086**	**784,863**
Equity ratio	41.3%	49.1%
Acquisition value of goodwill		
As at the beginning of the business year	1,276	1,276
Additions	6,562	–
Disposals	–	–
As at the end of the business year	7,838	1,276
Accumulated amortisation		
As at the beginning of the business year	1,085	830
Amortisations for the current year	847	255
Disposals	–	–
As at the end of the business year	1,932	1,085
Theoretical net book value of goodwill	5,906	191
Theoretical shareholders' equity including net book value of goodwill	**677,991**	**785,054**
Theoretical equity ratio	41.6%	49.1%

Impact of a theoretical capitalisation of goodwill on net income:

in TCHF	2019	2018
Net income (excl. minority share)	–70,749	60,949
Theoretical amortisation of goodwill	–847	–255
Net income after amortisation of goodwill	**–71,596**	**60,694**

General Property Details

Yielding Portfolio

Property ID	Canton	Municipality	Property	Main use[1]	Market value[4] (CHFm)	Full occupancy property rent (CHFm)	Annualised property rent (CHFm)	Occupancy rate (%)	Net site area[2] (m²)	Year of con–struction	Year of con–struction 2[3]	Partial renovation	Discount factor (%)	Ownership (%)		Compulsory surveillance	Obligatory remediation	Lettable area (%, m²) Resi–dential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Full occupancy property income (CHF 1'000) Resi–dential	Office	Retail	Industry/ Logistics	Storage	Others	Total	Effective Area to be developed (m²)
10101	ZH	Dietikon	Riedstrasse 3	Retail	44.1	3.0	1.2	41%	13,690	1982	2002	2007	4.5	Sole ownership	100%	–	–	–	13%	37%	8%	5%	38%	17,003	–	0.4	1.3	0.2	0.1	1.0	3.0	–
10102	ZH	Dietikon	Riedstrasse 5	Retail	44.3	2.2	2.2	100%	13,500	1982	–	1993	4.0	Sole ownership	100%	–	–	–	7%	80%	–	13%	–	9,240	–	0.1	2.0	–	0.0	0.1	2.2	–
10103	ZH	Dietikon	Riedstrasse 7–9	Retail	38.5	0.1	0.1	100%	10,543	1982	–	–	3.9	Sole ownership	100%	–	–	–	–	94%	–	6%	–	11,854	–	–	–	–	0.1	0.1	0.1	16,600
10104	ZH	Dietikon	Riedstrasse 11	Others	0.3	0.0	0.0	100%	930	–	–	–	3.8	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0	0.0	–
10201	AG	Kleindöttingen	Industriestrasse 39–41	Industrial	35.3	1.3	1.3	100%	65,356	1997/2007	2019	–	3.8	Sole ownership	100%	–	–	–	20%	–	79%	1%	–	16'113	–	0.2	–	0.8	0.0	0.3	1.3	2,250
10202	AG	Kleindöttingen	Industriestrasse 14/20/26/30/34/46	Industrial	31.1	1.9	1.4	73%	38,314	1971	2012	–	4.7	Sole ownership	100%	–	–	–	14%	–	68%	17%	–	17'006	–	0.4	–	1.6	0.0	–	2.0	–
10203	AG	Kleindöttingen	Industriestrasse 3, 40–44	Logistics	18.3	1.3	1.0	79%	14,517	1971	1999	2008	4.8	Sole ownership	100%	–	–	–	19%	–	74%	7%	–	15,461	–	0.3	–	0.8	0.1	0.0	1.2	–
10204	AG	Kleindöttingen	Hauptstrasse 70	Industrial	1.9	0.4	0.3	72%	6,625	1961	1977	–	5.5	Sole ownership	100%	–	–	–	–	–	83%	17%	–	4,775	–	0.0	–	0.3	0.0	0.0	0.3	–
10207	AG	Kleindöttingen	Industriestrasse 21	Industrial	5.1	0.7	0.4	58%	12,849	1969	1974	–	5.2	Sole ownership	100%	–	–	–	6%	–	48%	39%	6%	11,359	–	0.1	–	0.5	0.1	0.0	0.7	–
10301	ZH	Niederhasli	Mandachstrasse 50–56	Office	38.6	3.4	2.2	65%	10,918	1992	2007	–	4.6	Sole ownership	100%	–	–	–	41%	24%	22%	12%	–	19,187	–	0.6	0.7	1.4	0.4	0.3	3.4	–
10302	ZH	Niederhasli	Stationstrasse 25	Logistics	19.9	1.2	1.2	100%	16,691	1991	–	–	3.1	Sole ownership	100%	–	–	–	–	–	100%	–	–	7,883	–	–	–	1.2	–	0.1	1.2	11,937
10502	TG	Ermatingen	Hauptstrasse 189	Logistics	5.3	0.4	0.4	94%	12,257	1994	–	–	4.7	Sole ownership	100%	–	–	–	–	–	–	100%	–	3,301	–	–	–	0.3	–	0.1	0.4	1,559
10601	BL	Füllinsdorf	Wölferstrasse 27/27a	Logistics	13.4	0.9	0.9	100%	16,000	1971	1983	2015	4.3	Sole ownership	100%	–	–	–	4%	–	10%	86%	–	13,723	–	0.1	–	0.2	0.6	0.0	0.9	–
10701	GE	Carouge	Rue Baylon 13–15	Logistics	20.9	1.7	1.6	94%	10,871	1970	2003	–	4.1	Building right	100%	–	–	–	10%	–	89%	1%	–	10,749	–	0.2	–	1.5	0.0	0.0	1.7	–
10801	BS	Riehen	Plot no. 1700	Others	2.2	0.2	0.2	100%	5,485	–	–	–	2.5	Building right	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.2	0.2	–
12801	SG	St. Margrethen	Plot no. 2957	Logistics	4.2	0.1	0.1	88%	13,880	–	–	–	2.8	Building right	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.1	0.1	–
12802	SG	St. Margrethen	Altfeldstrasse	Industrial	27.1	0.8	0.8	100%	70,149	–	–	–	2.8	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.8	0.8	–
13401	AG	Klingnau	Weierstrasse 5 / Kanalstrasse 8	Industrial	13.6	0.9	0.1	13%	12,984	1965	2008	–	4.7	Sole ownership	100%	–	–	–	10%	–	75%	15%	–	9,015	–	0.1	–	0.8	–	0.0	0.9	–
13402	AG	Klingnau	Industriestrasse 7	Industrial	5.0	0.4	0.2	54%	5,529	1955	–	–	5.2	Sole ownership	100%	–	–	–	4%	–	90%	5%	–	5,914	–	0.0	–	0.4	0.0	0.0	0.4	–
13403	AG	Klingnau	Industriestrasse 4/10, Brühlstrasse 46–50	Industrial	11.5	0.9	0.6	71%	13,009	1955	2008	–	5.1	Sole ownership	100%	–	–	–	3%	–	73%	23%	–	10,428	–	0.1	–	0.8	0.0	0.0	0.9	–
13404	AG	Klingnau	Brühlstrasse 33–41	Industrial	3.6	0.4	0.2	57%	6,170	1953	1955	–	5.3	Sole ownership	100%	–	–	–	11%	–	43%	46%	–	5,741	–	0.1	–	0.3	0.0	0.0	0.4	–
13405	AG	Klingnau	Schützenmattstrasse 7, Parkstrasse 14	Industrial	4.7	0.4	0.2	42%	11,035	1949	1961	–	3.2	Sole ownership	100%	–	–	–	7%	–	43%	51%	–	5,526	–	0.0	–	0.3	0.0	0.0	0.4	6,621
13406	AG	Klingnau	Parkstrasse 15–29	Residential	23.3	1.2	1.1	87%	13,071	1999	2008	–	3.2	Sole ownership	100%	–	–	91%	–	–	–	–	9%	6,309	1.1	–	–	–	–	0.1	1.2	–
13407	AG	Klingnau	Parkstrasse 7–13	Residential	10.1	0.5	0.4	74%	6,075	1999	2008	–	3.3	Sole ownership	100%	–	–	92%	–	–	–	–	8%	2,911	0.5	–	–	–	–	–	0.5	–
18101	ZG	Cham	Lorzenparkstrasse 2–16	Res. mixed	56.0	3.2	3.0	94%	13,537	2008	–	–	3.8	Sole ownership	100%	–	–	38%	26%	–	23%	6%	7%	14,812	1.2	1.3	–	0.6	0.1	–	3.2	–
22501	VD	Yverdon	Route de Grandson 48	Industrial	26.9	1.7	1.6	91%	19,758	1910	2013	–	4.0	Sole ownership	100%	Yes	–	1%	12%	–	59%	28%	–	20,343	0.0	0.3	–	1.1	0.2	–	1.7	–
26101	AG	Bremgarten	Luzernerstrasse 48–50	Industrial	29.2	1.6	1.6	100%	20,613	1983	2017	–	4.0	Sole ownership	100%	–	–	–	22%	–	63%	–	–	13,260	–	0.4	–	1.1	–	0.0	1.6	–
29001	GE	Meyrin	Route du Nant d'Avril 150, Hive I	Office	38.1	2.3	1.5	68%	7,681	1981	2018	–	3.8	Building right	100%	–	–	–	100%	–	–	–	–	8,699	–	2.3	–	–	–	–	2.3	–
29002	GE	Meyrin	Route du Nant d'Avril 150, Hive II	Office	62.0	2.5	2.5	99%	6,821	2017	–	–	3.2	Building right	100%	–	–	–	81%	–	–	19%	–	8,015	–	2.1	–	–	0.0	0.4	2.5	–
30001	ZH	Aathal	Zürichstrasse 66–80	Residential	4.6	0.3	0.3	90%	7,861	1870	1915	1988	3.8	Sole ownership	100%	–	–	100%	–	–	–	–	–	2,139	0.3	–	–	–	0.0	0.0	0.3	–
30002	ZH	Aathal	Zürichstrasse 50–62/192	Res. mixed	1.8	0.2	0.2	100%	6,639	1849	1880	1985	4.2	Sole ownership	100%	–	–	100%	–	–	–	–	–	1,096	0.2	–	–	–	–	0.0	0.2	–
30401	ZH	Aathal	Zürichstrasse 13–25	Retail	35.5	2.4	1.9	78%	16,597	1862	2014	–	4.4	Sole ownership	100%	–	–	2%	29%	36%	3%	18%	11%	13,757	0.0	0.5	0.8	0.3	0.4	0.4	2.4	–
30402	ZH	Aathal	Gstalderstrasse 5	Industrial	5.2	0.5	0.4	92%	16,250	1960	1964	–	4.8	Sole ownership	100%	–	–	–	–	–	–	100%	–	4,753	–	–	–	–	0.3	0.1	0.4	–
30404	ZH	Aathal	Zürichstrasse 1–7	Residential	1.5	0.1	0.1	81%	4,343	1900	–	1995	3.5	Sole ownership	100%	–	–	100%	–	–	–	–	–	729	0.1	–	–	–	–	0.0	0.1	–
30501	ZH	Aathal/Wetzikon	Agricultural land / land without use	Others	1.6	0.0	0.0	–	196	–	–	–	2.0	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30601	ZH	Aathal	Zürichstrasse 34	Res. mixed	0.2	0.0	0.0	100%	257	1860	–	1990	3.7	Sole ownership	100%	–	–	66%	–	–	34%	–	–	94	0.0	–	–	0.0	–	–	0.0	–
30802	ZH	Wetzikon	Zürcherstrasse 130–132/131–133	Residential	0.8	0.1	0.1	98%	–	1839	–	2003	3.9	Sole ownership	100%	–	–	100%	–	–	–	–	–	551	0.1	–	–	–	–	0.0	0.1	–
30901	ZH	Wetzikon	Grundstrasse 6–10	Residential	1.3	0.1	0.0	82%	1,745	1895	–	1990	3.0	Sole ownership	100%	–	–	100%	–	–	–	–	–	433	0.1	–	–	–	–	0.0	0.1	–
30902	ZH	Wetzikon	Schulhausstrasse 42–44	Residential	3.2	0.1	0.1	90%	2,076	1840	–	1982	3.0	Sole ownership	100%	–	–	100%	–	–	–	–	–	500	0.1	–	–	–	–	0.0	0.1	870
30904	ZH	Wetzikon	Usterstrasse 128	Residential	5.1	0.2	0.2	100%	1,569	1870	2007	–	3.0	Sole ownership	100%	–	–	98%	–	–	–	–	2%	1,065	0.2	–	–	–	–	0.0	0.2	–
30905	ZH	Wetzikon	Haldenstrasse 20	Residential	6.9	0.3	0.3	86%	1,741	1971	–	1991	3.0	Sole ownership	100%	–	–	100%	–	–	–	–	–	904	0.3	–	–	–	–	–	0.3	–
30909	ZH	Wetzikon	Florastrasse 9	Residential	6.4	0.3	0.3	94%	1,899	1990	2018	–	3.0	Sole ownership	100%	–	–	100%	–	–	–	–	–	1,347	0.3	–	–	–	–	0.0	0.3	–
30910	ZH	Wetzikon	Usterstrasse 88–104	Residential	5.8	0.2	0.2	100%	2,073	1791	2018	1990	3.1	Sole ownership	100%	–	–	–	–	–	–	–	–	–	0.2	–	–	–	–	–	0.2	–
31401	SG	Goldach	Langrütistrasse 19	Industrial	55.8	2.1	2.1	100%	63,811	1973/1995	2019	–	3.8	Sole ownership	100%	–	–	–	–	–	100%	–	–	46,324	–	–	–	2.1	–	–	2.1	4,424
31501	TG	Frauenfeld	Walzmühlestrasse 47	Res. mixed	3.6	0.2	0.2	85%	2,189	1926	2017	–	3.9	Sole ownership	100%	–	–	–	58%	–	21%	21%	–	1,021	–	0.1	–	0.1	0.0	–	0.2	–
31502	TG	Frauenfeld	Walzmühlestrasse 49	Res. mixed	14.4	0.7	0.5	74%	2,043	1922	2017	–	3.8	Sole ownership	100%	–	–	45%	44%	–	–	–	11%	3,451	0.3	0.3	–	–	–	0.1	0.7	–
31601	NE	Neuchâtel	Rue du Plan 30	Retail	24.5	1.5	1.2	82%	7,978	1963	–	2019	4.1	Sole ownership	100%	–	–	–	19%	36%	42%	–	3%	8,228	–	0.3	0.7	0.4	–	0.1	1.5	–
32102	AG	Windisch	Spinnereistrasse 10–12/15	Residential	34.1	1.4	1.1	81%	5,122	2014	–	–	3.2	Sole ownership	100%	–	–	100%	–	–	–	–	–	5,317	1.4	–	–	–	–	–	1.4	–
32106	AG	Windisch	Dorfstrasse 69	Office	7.2	0.5	0.4	82%	2,466	1959	–	2008	4.5	Sole ownership	100%	–	–	–	89%	–	–	10%	1%	3,147	–	0.5	–	–	–	–	0.5	–
32107	AG	Windisch	Kunzareal – Heinrich	Others	2.3	0.2	0.1	77%	3,252	1960	–	2017	4.4	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.2	0.2	–
32108	AG	Windisch	Spitzmattstrasse 6	Residential	22.8	1.2	1.2	100%	5,115	1960	–	2018	3.3	Sole ownership	100%	–	–	100%	–	–	–	–	–	8,380	1.2	–	–	–	–	–	1.2	–
33101	ZH	Wädenswil	Seestrasse 205/219, Bürglistrasse 43	Industrial	12.8	0.9	0.9	100%	11,105	1916	–	–	3.5	Sole ownership	100%	–	–	–	3%	–	67%	30%	–	11,986	–	0.1	–	0.6	0.2	0.0	0.9	–
35001	GL	Diesbach	Legler Fabrik	Industrial	–0.1	0.0	0.0	66%	9,890	1910	1996	–	3.8	Sole ownership	100%	–	–	–	–	–	100%	–	–	170	–	–	–	0.0	–	–	0.0	–
35002	GL	Diesbach	Hauptstrasse 38–40	Office	0.8	0.0	0.0	51%	7,683	1961	1970	–	3.8	Sole ownership	100%	–	–	100%	–	–	–	–	–	200	0.0	–	–	–	–	–	0.0	–
35004	GL	Diesbach	Power plant	Others	9.5	0.8	0.8	100%	–	1996	–	2015	4.7	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.8	0.8	–
36104	SO	Biberist	Fabrikstrasse 36–38	Logistics	17.8	1.5	1.5	100%	23,000	1991	–	–	4.2	Sole ownership	100%	–	–	–	6%	–	92%	–	2%	3,797	–	–	–	1.5	–	–	1.5	–
36110	SO	Biberist	MEG Emenkanal, land	Industrial	–0.2	0.0	0.0	–	–	–	–	–	5.0	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
36112	SO	Biberist	Power plant	Others	2.6	0.3	0.3	100%	–	1984	–	2014	4.7	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3	0.3	–
36201	SO	Biberist	Herrenweg 1–7	Residential	2.0	0.1	0.1	100%	7,500	1920	–	–	3.4	Sole ownership	100%	–	–	100%	–	–	–	–	–	1,732	0.1	–	–	–	–	–	0.1	–
36202	SO	Biberist	Derendingerstrasse 18–40, Herrenweg 6	Residential	4.3	0.3	0.2	79%	16,394	1920	–	–	3.5	Sole ownership	100%	–	–	100%	–	–	–	–	–	2,610	0.2	–	–	–	–	0.0	0.3	–
36203	SO	Biberist	Herrenweg 4/8/10	Residential	2.5	0.0	0.0	100%	–	1928	–	1992	4.4	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0	0.0	–
60101	BS	Basel	Rosentalstrasse 27	Residential	5.2	0.2	0.2	96%	574	1938	–	–	2.9	Sole ownership	100%	–	–	100%	–	–	–	–	–	1,121	0.2	–	–	–	–	–	0.2	–
60301	BL	Birsfelden	Weidenweg 8–10	Residential	13.3	0.6	0.5	94%	3,798	1989	–	–	3.1	Sole ownership	100%	–	–	100%	–	–	–	–	–	1,976	0.5	–	–	–	–	0.1	0.6	–
60302	BL	Birsfelden	Hauptstrasse 84–88	Residential	9.9	0.6	0.6	88%	1,787	1989	–	–	3.9	Sole ownership	100%	–	–	28%	24%	19%	11%	18%	–	3,157	0.2	0.2	0.1	0.1	0.0	0.1	0.6	–
60401	BL	Birsfelden	Sternenfeldpark 14	Office	16.2	1.6	0.8	48%	3,554	2009	–	–	5.1	Sole ownership	100%	–	–	–	58%	–	42%	–	–	10,165	–	0.9	–	0.6	0.1	–	1.6	–
60402	BL	Birsfelden	Langenhagstrasse 6/10/18	Logistics	16.2	1.0	1.0	100%	8,383	1960	2006	2017	4.2	Sole ownership	100%	–	–	–	14%	–	82%	5%	–	6,992	–	0.1	–	0.8	0.0	0.0	1.0	–
60601	SO	Gempen	Schartenhof	Others	2.7	0.0	0.0	100%	2,331	1950	–	2006	2.0	Sole ownership	100%	–	–	100%	–	–	–	–	–	162	0.0	–	–	–	–	0.0	0.0	–
62001	BL	Allschwil	Binningerstrasse 87–89	Industrial	4.3	0.4	0.4	100%	1,999	1809	1957	–	4.0	Sole ownership	100%	–	–	11%	16%	–	73%	–	–	2,443	0.1	0.1	–	0.2	–	0.0	0.4	–
69901	AG	Brunegg	Breitackerstrasse 10	Logistics	33.4	1.7	1.7	100%	28,142	1993	–	2013	3.7	Sole ownership	100%	–	–	–	1%	–	95%	–	4%	16,342	–	0.0	–	1.6	–	0.1	1.7	10,785
70001	AG	Brunegg	Industriestrasse 1	Logistics	17.4	1.4	1.4	100%	15,293	1974	1985	2001	4.6	Sole ownership	100%	–	–	–	12%	–	74%	14%	–	10,635	–	0.2	–	1.1	0.1	0.0	1.4	–
70401	AG	Buchs	Fabrikweg 12	Retail	4.0	0.4	0.4	100%	18,211	1988	–	2007	4.0	Building right	100%	–	–	–	39%	–	61%	–	–	4,950	–	0.2	–	0.2	–	–	0.4	–
Total				Total	1'053.4	59.8	49.9	83.4%	783,724									15%	21%	9%	39%	5%	10%	450,300	8.7	12.7	5.6	23.6	3.0	6.1	59.7	55,046

1 Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use.
2 Net site area does not include agricultural land and land without utilisation (total approximately 1 million sqm).
3 Second building phase.
4 Except for promotion project that are recorded at cost. As at December 2019, only the property 31501a is recorded at cost.

General Property Details

Redevelopment Portfolio

																		Effective area to be developed (m^2)					
Property ID	Canton	Municipality	Property	Main use[1]	Market value[4] (CHFm)	Full occupancy property rent (CHFm)	Annualised property rent (CHFm)	Occupancy rate (%)	Net site area[2] (m^2)	Year of con–struction	Year of con–struction 2[3]	Partial renovation	Discount factor (%)	Ownership (%)		Compulsory surveillance	Obligatory remediation	Residential	Residential & Commercial	Industry	Commercial	Office	Total
10208	AG	Kleindöttingen	Plot no. 420	Others	14.0	0.0	0.0	–	43,400	–	–	–	2.0	Sole ownership	100%	–	–	–	31,046	–	–	–	31,046
10303	ZH	Niederhasli	Stationstrasse 27–32, Parzelle 3131	Industrial	33.3	1.0	0.9	95%	28,122	1955	2019	–	3.8	Sole ownership	100%	–	–	–	–	7,050	–	–	7,050
10501	TG	Ermatingen	Hauptstrasse 181/185	Logistics	4.9	0.5	0.4	74%	12,125	1968	1997	–	5.1	Sole ownership	100%	–	–	–	–	–	6,975	–	6,975
10901	ZH	Altstetten	Freihofstrasse 25	Industrial	42.0	0.6	0.6	100%	7,807	1953/1962	–	–	2.8	Sole ownership	100%	–	–	–	11,966	–	–	–	11,966
13408	AG	Klingnau	Weierstrasse 8	Others	0.9	0.0	0.0	–	2,144	–	–	–	2.0	Sole ownership	100%	–	–	–	920	–	–	–	920
18103	ZG	Cham	Plot no. 3165	Others	61.1	0.1	0.1	97%	26,231	–	–	–	3.4	Sole ownership	100%	–	–	–	30,137	–	–	–	30,137
20101	VS	St-Maurice	Bois-Noir	Industrial	2.0	0.3	0.3	100%	33,281	1960	1970	–	3.0	Sole ownership	100%	–	–	–	–	–	22,500	–	22,500
22101	VD	Aigle	Route Industrielle 18	Industrial	2.5	0.2	0.0	0%	11,410	1991	–	2014	5.2	Sole ownership	100%	–	–	–	–	–	2,298	–	2,298
22201	GE	Vernier	Chemin de la Verseuse 1–3	Industrial	5.0	0.0	0.0	–	4,507	1964	–	–	4.3	Sole ownership	100%	–	–	–	–	–	8,254	–	8,254
22301	GE	Lancy	Route des Jeunes 20–26	Industrial	49.4	0.7	0.7	91%	13,362	1960	–	–	3.9	Building right	100%	–	–	–	–	–	60,312	–	60,312
29003	GE	Meyrin	Route du Nant d'Avril 150	Others	21.2	0.0	0.0	–	21,972	–	–	–	2.0	Building right	100%	–	–	–	–	–	–	25,779	25,779
29004	GE	Meyrin	Route du Nant d'Avril 150, Pavillon	Others	2.2	0.0	0.0	–	952	2019	–	–	3.4	Building right	100%	–	–	–	–	–	688	–	688
29005	GE	Meyrin	Route du Nant d'Avril 150, LEM	Others	13.1	0.0	0.0	–	5,540	2019	–	–	3.2	Building right	100%	–	–	–	–	–	–	7,345	7,345
29101	GE	Meyrin	Chemin du Grand-Puits 28	Industrial	17.0	0.1	0.1	100%	10,383	1965	–	–	3.9	Sole ownership	100%	–	–	–	–	–	15,592	–	15,592
30101	ZH	Aathal	Plot no. 3990	Others	1.3	0.1	0.1	100%	8,163	–	–	–	4.7	Sole ownership	100%	–	–	–	–	–	–	–	–
30201	ZH	Aathal	Zürichstrasse 27/33–39, Gstalderstrasse 4	Residential	6.5	0.2	0.1	69%	23,938	1850	1870	1990	4.0	Sole ownership	100%	–	–	1,242	–	–	4,670	–	5,912
30403	ZH	Aathal	Gstalderstrasse 3	Industrial	0.3	0.0	0.0	100%	1,067	1870	–	1993	2.0	Sole ownership	100%	–	–	–	–	–	–	–	–
30602	ZH	Aathal	Chälenweg 1/11/164, Aretsh. 1–7/11–21/158	Residential	2.6	0.2	0.1	80%	10,069	1440	–	1988	4.0	Sole ownership	100%	–	–	–	–	–	–	–	–
30603	ZH	Aathal	Zürichstrasse 22–24	Res. mixed	2.1	0.2	0.1	73%	3,567	1870	1860	1989	4.5	Sole ownership	100%	–	–	–	–	–	–	–	–
30801	ZH	Wetzikon	Usterstr. 200–202/206, Zürichstr. 119–121	Industrial	5.9	0.4	0.3	75%	14,653	1872	1900	1993	5.3	Sole ownership	100%	–	–	–	8,695	–	–	–	8,695
30906	ZH	Wetzikon	Schönaustrasse 5–13	Residential	10.4	0.2	0.2	86%	17,055	–	–	1943	2.8	Sole ownership	100%	–	–	7,510	–	–	–	–	7,510
30907	ZH	Wetzikon	Schönaustrasse 9	Others	22.1	0.1	0.1	100%	8,267	–	–	–	3.0	Sole ownership	100%	–	–	7,500	–	–	–	–	7,500
30908	ZH	Wetzikon	Weststrasse 26–28	Residential	8.0	0.0	0.0	100%	2,444	2019	–	–	3.0	Sole ownership	100%	–	–	1,508	–	–	–	–	1,508
31501a	TG	Frauenfeld	Walzmühlestrasse 47 Promotion project	Residential	8.6	0.0	0.0	–	2,375	2019	–	–	–	Promotion project	100%	–	–	–	–	–	–	–	–
31503	TG	Frauenfeld	Walzmühlestrasse 51	Res. mixed	10.0	0.0	0.0	–	10,863	1832	2017	–	3.2	Sole ownership	100%	–	–	–	4,417	–	–	–	4,417
31504	TG	Frauenfeld	Walzmühlestrasse Parking	Others	1.8	0.0	0.0	49%	3,340	–	–	–	4.0	Sole ownership	100%	–	–	–	–	–	6,276	–	6,276
31602	NE	Neuchâtel	Plot no. 10729	Others	4.4	0.0	0.0	–	3,419	–	–	–	2.0	Sole ownership	100%	–	–	3,960	–	–	–	–	3,960
31701	SO	Dornach	Weidenstrasse 50	Industrial	39.9	0.8	0.8	95%	136,685	1895	–	–	4.4	Sole ownership	100%	–	–	–	97,051	–	–	–	97,051
32105	AG	Windisch	Kunzareal – Zentrum West	Industrial	1.1	0.1	0.1	100%	2,481	1827	1890	–	3.9	Sole ownership	100%	–	–	–	2,308	–	–	–	2,308
34001	AG	Brugg	Wildischachenstrasse 12–14	Office	4.6	0.6	0.5	95%	11,080	1960	–	–	4.7	Sole ownership	100%	–	–	–	–	–	–	–	–
34002	AG	Brugg	Wildischachenstrasse 16	Industrial	16.7	1.4	1.1	79%	33,505	1960	–	–	4.9	Sole ownership	100%	–	–	–	–	–	24,154	–	24,154
36101	SO	Biberist	Fabrikstrasse 2–8	Others	4.4	0.3	0.0	16%	22,524	1937	–	–	5.2	Sole ownership	100%	–	–	–	11,392	–	1,888	–	13,280
36102	SO	Biberist	Fabrikstrasse 14–34	Industrial	15.2	0.0	0.0	–	44,000	1972	1990	–	6.0	Sole ownership	100%	–	–	–	–	–	45,954	–	45,954
36103	SO	Biberist	Fabrikstrasse 57–115	Industrial	7.6	0.7	0.7	100%	40,000	1946	1991	–	5.6	Sole ownership	100%	–	–	–	–	–	12,620	–	12,620
36105	SO	Biberist	Fabrikstrasse 1–29	Industrial	5.3	0.3	0.3	100%	19,000	1932	1947	–	5.8	Sole ownership	100%	–	–	–	–	–	–	–	–
36106	SO	Biberist	Fabrikstrasse 3–35	Industrial	0.6	0.0	0.0	–	28,869	1903	1939	–	5.9	Sole ownership	100%	–	–	–	–	–	42,120	–	42,120
36107	SO	Biberist	Fabrikstrasse 31–85	Industrial	0.0	0.0	0.0	–	16,000	1946	–	–	6.0	Sole ownership	100%	–	–	22,610	–	–	–	–	22,610
36108	SO	Biberist	Fabrikstrasse Insel	Industrial	3.2	0.5	0.5	100%	60,400	1991	–	–	5.5	Sole ownership	100%	–	–	–	–	–	17,700	–	17,700
36109	SO	Biberist	Derendingerstrasse 27–29	Others	7.6	0.0	0.0	–	44,183	–	–	–	2.0	Sole ownership	100%	–	–	–	–	–	–	–	–
36204	SO	Biberist	Derendingerstrasse 16 (Plot no. 944, 1172, 1179)	Others	0.4	0.0	0.0	–	–	–	–	–	2.0	Sole ownership	100%	–	–	–	–	–	–	–	–
40101	AG	Menziken	Hauptstrasse 85	Others	–1.3	0.0	0.0	–	10,717	1911	–	–	3.4	Sole ownership	100%	–	–	–	9,600	–	–	–	9,600
61101	BL	Aesch	Industriestrasse 45–61	Industrial	10.9	0.9	0.8	87%	35,932	1900	1940	–	4.7	Sole ownership	100%	–	–	–	–	–	9,180	–	9,180
63001	BL	Pratteln	Güterstrasse 23–29, Gempenstrasse 6/6a	Others	27.6	0.0	0.0	–	31,585	1949	2002	–	2.0	Sole ownership	100%	–	–	–	46,650	–	–	–	46,650
72001	AG	Hausen	Hauptstrasse 96	Others	6.9	0.0	0.0	100%	27,235	–	–	–	2.0	Sole ownership	100%	Yes	Yes	–	–	–	11,019	–	11,019
72002	AG	Lupfig	Hauptstrasse 98–100	Others	15.0	0.0	0.0	–	37,023	–	–	–	2.0	Sole ownership	100%	Yes	Yes	–	–	–	21,154	–	21,154
Total				Total	518.2	10.3	8.9	86.3%	931,675									44,330	254,182	7,050	313,354	33,124	652,040

1 Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use.
2 Net site area does not include agricultural land and land without utilisation (total approximately 1 million sqm).
3 Second building phase.
4 Except for promotion project that are recorded at cost. As at December 2019, only the property 31501a is recorded at cost.

Report of the Statutory Auditor on the Consolidated Financial Statements

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To the General Meeting of
HIAG Immobilien Holding AG, Basel

Basle, 13 March 2020

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of HIAG Immobilien Holding AG, which comprise the consolidated balance sheet, the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (pages 52 to 99), for the year ended 31 December 2019.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

Report of the Statutory Auditor on the Consolidated Financial Statements

2

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of Real estate properties, incl. Properties for sale

Risk	As at 31 December 2019, Real estate properties and Properties for sale recognized in the company's consolidated balance sheet amounted to a total of kCHF 1'571'676, representing 96% of total consolidated assets. The valuation involved the work of an external real estate appraiser and is performed at fair value using the discounted cash flow method. The fair value assessment is based on assumptions, in particular with regard to development risks, rental income and sales revenue, discount rates, vacancy rates as well as operating, maintenance and repair costs. The valuation of Real estate properties and Properties for sale is further discussed in section "Significant Accounting and Valuation Policies" and note 5 "Real estate properties" of the notes to the consolidated financial statements. Due to the significance of the carrying amounts and the judgment involved in the assessment of the valuation, this matter was considered significant to our audit.
Our audit response	As part of our audit, we assessed the objectivity, independence and competence of the external real estate appraiser. We involved our own real estate valuation specialists in evaluating the assumptions applied and compared these to corroborative sector data. Furthermore, we evaluated the underlying property-specific data used in the valuations, in particular with regard to development risks, rental income and sales revenue, discount rates, vacancy rates as well as operating, maintenance and repair costs. Our audit procedures did not lead to any reservations concerning the valuation of Real estate properties, incl. Properties for sale.

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Valuation of Deferred tax liabilities

Risk	The recorded Deferred tax liabilities are attributable mainly to valuation differences between the fair values and the values applicable for tax purposes. As at 31 December 2019, they amounted to kCHF 68'728. The Deferred tax liabilities are discounted at a rate of 2% The discounting of Deferred tax liabilities is discussed in section "Significant Accounting and Valuation Policies" and note 13 "Deferred Taxes" of the notes to the consolidated financial statements. Due to the significance of the carrying amounts and the judgment involved in determining these (fair value, remaining holding period, discount and tax rates), this matter was considered significant to our audit.
Our audit response	With the involvement of our tax specialists we assessed the assumptions used in determining the Deferred tax liabilities. We compared the assumptions with those of the prior year and our expectations and analyzed deviations. In addition, we assessed the discounting of the deferred tax liabilities. Our audit procedures did not lead to any reservations concerning the valuation of Deferred tax liabilities.

Report of the Statutory Auditor on the Consolidated Financial Statements

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Fabian Meier Licensed audit expert (Auditor in charge)	André Schaub Licensed audit expert

Independent Valuer's Report

Wüest Partner AG, Bleicherweg 5, 8001 Zurich

HIAG Immobilien Holding AG
Aeschenplatz 7
4052 Basel

Zurich, 05 March 2020

Independent valuer's report
Real Estate Property Valuation as at 31.12.2019

To the Executive Board of HIAG Immobilien Holding AG

Ref.
104390.1910 to 104390.1915

Commission
Wüest Partner AG (Wüest Partner) was commissioned by the Executive Board of HIAG Immobilien Holding AG (HIAG) to perform a valuation, for accounting purposes, of the immovable properties held by HIAG in Switzerland as at 31 December 2019 (reporting date). The valuation encompasses all investment properties, sites and development properties, properties for sale, distinct and permanent rights (building rights), co-ownership shares, agricultural land as well as the power plants in Diesbach, Biberist, Oberaathal-Aabach, Wetzikon-Floos und Wetzikon-Schönau.

Valuation standards
Wüest Partner hereby confirms that the valuations were performed in accordance with national and international standards and guidelines.
The property values determined correspond to the current value (market value) as described in Swiss GAAP ARR 18, item 14.

Definition of fair value
«Fair value» is defined as the amount for which a property would most probably be exchanged on the open market on the valuation date between two independent and knowledgeable parties, willing to buy and sell respectively, with due allowance made for a reasonable marketing period.
Property transfer tax, property gains taxes, value added tax and other costs and commission fees that would be incurred if the property were sold are not included (gross market value). Nor is any account taken of HIAG's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

Valuation method
In valuing HIAG's real estate holdings, Wüest Partner applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the

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Regulated by RICS

total of all projected future net earnings discounted to the valuation date. Net income is discounted separately for each property with due allowance for specific opportunities and threats, and adjustment in line with market conditions and risks.

The properties under construction were also valuated using the discounted cash flow method (DCF). The fair value of the project as at valuation date is been inferred in three steps:

- Valuation of the property at the time of completion – taking into account the current occupancy/sales rate, the market and the cost estimation as at valuation date;
- Calculation of the market value as at valuation date, taking into account the projected investments still to be undertaken;
- Estimate of the development risk in relation to the current project status, and its treatment as a separate cash flow of a cost position.

Properties under construction, which are intended for sale (e.g. condominiums), are valued in accordance with Swiss GAAP FER 17 at the lower of acquisition cost or construction cost and net realisable value. This means that work in progress and production costs are capitalised and subsequent valuation is at the lower value.

Basis of valuation
Wüest Partner is familiar with all the properties, having carried out inspections and examined the documentation provided. The properties have been analysed in detail in terms of their quality and risk profiles (attractiveness and lettability of rented premises, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with due allowance made for a reasonable marketing period.
Within the review period from 1 January 2019 to 31 December 2019, Wüest Partner visited 44 properties belonging to HIAG.

Results
A total of 121 investment properties and property units (investment properties, sites and development properties, properties for sale, distinct and permanent rights (building rights), co-ownership shares as well as agricultural land) were valued as at 31 December 2019 by Wüest Partner. The fair value of the property portfolio of HIAG (before deduction of contamination) is estimated as at 31 December 2019 at 1,615,227,377 Swiss Francs.

Changes during reporting period
Within the review period from 1 January 2019 to 31 December 2019 one property in Zurich was acquired.

Independence and confidentiality
Wüest Partner performed the valuation of HIAG's real estate holdings independently and neutrally in conformity with its business policies. It was carried out solely for those purposes specified above; Wüest Partner shall accept no liability in respect of third parties.

Zurich, 05 March 2020
Wüest Partner AG

Andreas Ammann
Partner

Silvana Dardikman
Director

Annex: valuation assumptions

Investment properties

The investment property valuations are based on the following general assumptions:

- Current value: Investments, that are being held exclusively for yield purposes, are to be valued according to their fair value, their acquisition or construction costs, less the amortizations. The fair value is being estimated based on the future cash-flow or revenue, under consideration of an appropriate risk/return discount rate or other recognized valuation method. Appreciation, reappreciation or depreciation are to be registered in the periodic result.
- Surface areas: The lettable areas were factored into the valuations on the basis of the rent rolls of the HIAG and verbal information provided by HIAG. Discrepancies between this information and the property plans were verified with HIAG.
- Rent rolls: The rent rolls from HIAG used in the valuation are dated 1 January 2020 and were received during the period of September 2019 and December 2019.
- Calculation model: A two-phase DCF model was adopted. The valuation period extends to infinity from the valuation date, with an implicit residual value in the eleventh period. Exceptions are possible in the case of leasehold properties with a corresponding reversion scenario.
- Discounting: Discounting is based on a risk-adjusted interest rate. Rates are determined individually for each property on the basis of appropriate benchmarks derived from arm's-length transactions. They may be broken down as follows: risk-free interest rate + property risk (immobility of capital) + premium for macro-location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums. Real discount rates range between 2.00% and 6.00% depending on the property, use and location.
- Inflation: Unless otherwise stated, the valuations assume 0.5 per cent annual inflation for income and all expenditure. Where a nominal discount rate is applied, this is adjusted accordingly.
- Indexation: Specific indexation of existing rental agreements is accounted for on an individual basis. After expiry of the contracts, an indexation factor of 80 per cent (Swiss average) and an average contract term of 5 years are assumed.
- Credit Risks: Credit risks posed by specific tenants are not explicitly factored into the valuation.
- Timing of payments: For existing tenancies, the timing of individual payments is assumed to comply with the terms of the lease. Following lease expiry, cash flows for commercial premises are taken to be quarterly in advance, for housing monthly in advance.
- Recoverability of ancillary costs: In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner.
- Maintenance costs: The maintenance (repair and upkeep) costs were calculated using a building analysis tool. This tool is used to estimate the remaining lifespan of individual components based on their present condition, to model periodic refurbishments and to calculate the associated annual renewal fund allowances. The calculated values are plausibility tested using cost benchmarks derived from Wüest Partner surveys.

EPRA Key Performance Figures

Key HIAG performance figures according to EPRA

The HIAG Group reports its key performance figures as per the Best Practice Recommendations of the EPRA Reporting and Accounting Committee. The European Public Real Estate Association (EPRA) is an association of leading European companies in the real estate industry.

A EPRA earnings and EPRA earnings per share

In TCHF except for number of shares and key figures per share	2019	2018
Earnings as per FER income statement	**–71,361**	**58,935**
(I) Income from property revaluation	**15,586**	–75,183
(II) Income from sale of promotion projects	**1,217**	–1,256
(II) Deferred taxes on EPRA adjustments and capitalisation of tax losses carried forward	**–15,379**	10,535
(IV) Non-controlling interests in respect of the above	**613**	2,014
EPRA earnings	**–69,324**	**–4,955**
Average number of shares outstanding	**7,996,265**	8,023,893
EPRA earnings per share	**–8.7**	**–0.6**

A Adjusted EPRA earnings and adjusted EPRA earnings per share

In TCHF except for number of shares and key figures per share	2019	2018
EPRA earnings	**–69,324**	**–4,955**
(I) HIAG Data contribution	**70'725**	39,131
(II) Jaeger et Bosshard SA contribution	**–795**	–
Adjusted EPRA earnings	**608**	**34,176**
Average number of shares outstanding	**7,993,541**	8,023,893
Adjusted EPRA earnings per share	**0.1**	**4.3**

B EPRA Net Asset Value (NAV) and equity ratio as per EPRA NAV

In TCHF except for number of shares and key figures per share	2019	2018
NAV as per consolidated financial statements	**672,085**	784,863
(I) Dilution effect of exercise of options, convertibles and other equity interest	**1,110**	–680
(II) Deferred taxes	**68,728**	82,871
EPRA NAV	**741,923**	**867,054**
Number of shares outstanding (diluted)	**8,000,085**	7,994,062
EPRA NAV per share	**92.7**	**108.5**
Balance sheet total	**1,628,641**	1'598,935
Equity ratio as per EPRA NAV	**45.6%**	**54.2%**

EPRA Key Performance Figures

C Triple Net Asset Value (NNNAV)

In TCHF except for number of shares and key figures per share	2019	2018
EPRA NAV	**741,923**	**867,054**
(I) Deferred taxes	**–68,728**	–82,871
EPRA NNNAV	**673,195**	**784,183**
Number of shares outstanding	**8,000,085**	7,994,062
EPRA NNNAV per share	**84.2**	**98.1**

D EPRA net return from rental income

in TCHF	2019	2018
Investment properties - wholly owned	**1,563,043**	1,476,411
Properties held for sale (promotion projects)	**8'633**	11,780
Less development properties (building land, investment properties under construction, promotion projects)	**–518'235**	–460,323
Value of the completed property portfolio	**1,053,441**	**1,027,868**
Adjusted value of the completed property portfolio	**1,053,441**	**1,027,868**
Annualised cash-passing rental income	**49,851**	51,433
Direct expenses of investment properties	**–13,506**	–12'525
Annualised net rental income	**36,345**	**38,908**
"Topped-up" net rental income	**36,345**	**38,908**
EPRA net return from rental income	**3.5%**	**3.8%**
EPRA "topped-up" net return from rental income	**3.5%**	**3.8%**

E EPRA vacancy rate

in TCHF	2019	2018
Estimated rental income potential from vacant space	**9,949**	8,661
Estimated rental income from overall portfolio	**59,800**	60,094
EPRA vacancy rate	**16.6%**	14.4%

E Adjusted EPRA vacancy rate (excl. yielding properties undergoing repositioning)[1]

in TCHF	2019	2018
Estimated rental income potential from vacant space	**7,913**	6,699
Estimated rental income from overall portfolio	**54,818**	55,157
Adjusted EPRA vacancy rate	**14.4%**	12.1%

1 **Properties Mandachstrasse 50–56 ZH and Sternenfeldpark 14 BL**

EPRA Key Performance Figures

F EPRA Cost Ratio

in TCHF	2019	2018
Administrative/operating expense line per income statement	53,600	21,723
(I) Net service charge costs/fees/lump sums	–1,199	–1,116
(II) Ground rent costs	–733	–851
EPRA costs (including direct vacancy costs)	**51,668**	**19,756**
(III) Direct vacancy costs	–710	–780
EPRA costs (excluding direct vacancy costs)	**50,958**	**18,975**
Gross Rental Income less ground rents	63,167	57,774
(I) Less: service fee and service charge costs/fees/lump sums components of Gross Rental Income	–1,199	–1,116
Gross Rental Income	**61,968**	**56,658**
EPRA Cost Ratio (including direct vacancy costs)	**83.4%**	**34.9%**
EPRA Cost Ratio (excluding direct vacancy costs)	**82.2%**	**33.5%**

F Adjusted EPRA Cost Ratio yielding portfolio

in TCHF	2019	2018
(Administrative/operating expense line per income statement	13,506	12,525
(I) Net service costs / fees / lump sums	–786	–765
(II) Ground rent costs	–683	–471
EPRA costs (including direct vacancy costs)	**12,037**	**11,289**
(III) Direct vacancy costs	–465	–533
EPRA costs (excluding direct vacancy costs)	**11,572**	**10,755**
Gross Rental Income less ground rents	51,257	48,730
(I) Less: service fee and service charge costs components of Gross Rental Income	–786	–765
Gross Rental Income	**50,471**	**47,965**
EPRA Cost Ratio (including direct vacancy costs)	**23.8%**	**23.5%**
EPRA Cost Ratio (excluding direct vacancy costs)	**22.9%**	**22.4%**

The key figure definitions given above were expressed in German by HIAG. In case of any ambiguities, the English version under www.epra.com takes precedence.

Audited financial statement of HIAG Immobilien Holding AG as of and for the year ended 31 December 2020

Individual Financial Statement 2020

Balance Sheet

in TCHF	31.12.2020	31.12.2019
Cash and cash equivalents	1,927	1,680
Other current receivables due from third parties	119	89
Other current receivables due from the Group	202	19
Other current receivables due from shareholders	–	12
Prepayments and accrued income	836	1,262
Prepayments and accrued income from the Group	97	–
Current assets	**3,181**	**3,062**
Financial assets due from third parties	7,060	4,766
Financial assets due from the Group	636,035	616,335
Financial assets due from shareholders	2,330	2,330
Participations–Group	78,373	78,373
Non-current assets	**723,798**	**701,804**
Assets	**726,979**	**704,866**

Trade payables	28	87
Other current liabilities	2	87
Other current non-interest-bearing liabilities to Group	–	488
Current interest-bearing financial liabilities	100,000	–
Tax liabilities	117	144
Accrued expenses and deferred income	3,673	4,102
Short-term provisions	21	17
Short-term liabilities	**103,841**	**4,925**
Non-current interst-bearing financial liabilities	540,000	640,000
Non-current liabilities	**540,000**	**640,000**
Total liabilities	**643,841**	**644,925**
Share capital	8,433	8,050
- Statutory capital reserves	1,610	1,610
- Statutory reserves from capital contribution[1]	35,890	3,335
Total statutory capital reserves	37,501	4,946
Statutory retained earnings	8,477	8,723
Voluntary retained earnings	108,000	108,000
- Amount carried forward from previous year	–63,696	46,183
- Net income	–10,366	–109,880
Accumulated loss	–74,061	–63,696
Treasury shares	–5,211	–6,081
Shareholders' equity	**83,138**	**59,941**
Liabilities and shareholders' equity	**726,979**	**704,866**

[1] **See explanations in the notes**

Individual Financial Statements 2020

Income Statement

in TCHF	2020	2019
Financial income	9,609	10,250
Other operating income	8	9
Operating Income	**9,617**	**10,259**
Personnel expenses	–107	–340
Insurance and fees	–364	–32
General operating expenses	–63	–66
Office and administrative expenses	–2,789	–2,280
Communication expenses	–233	–309
Financial expenses	–16,434	–117,112
Operating expenses	**–19,990**	**–120,138**
Earnings before taxes (EBT)	–10,373	–109,880
Taxes	7	–
Net income	**–10,366**	**–109,880**

Notes to the Financial Statement

Company information

HIAG Immobilien Holding AG is a joint stock company under Swiss law with its headquarters in Basel.

HIAG Immobilien Holding AG is the parent company of the HIAG Group, which establishes its consolidated financial statements in accordance with Swiss GAAP FER.

Financial reporting law applied

These financial statements have been prepared in accordance with the provisions of Swiss accounting law (Art. 32 of the Code of Obligations).

Accounting principles applied in this financial statement

Participations

The investments are valued at the acquisition cost minus impairments carried out for business reasons

Other current receivables due from the Group

This item includes current accounts with Group companies.

Financial assets

Financial assets include long-term loans with Group companies, shareholders, Group employees or third parties.

Definition of "Group"/"Shareholders"

"Group" is related to companies of the HIAG Group, "Shareholders" is related primarily to the Executive Board. Receivables and current accounts are listed under "Current assets" and long-term loans under "Fixed assets".

Interest-bearing financial liabilities

Mortgages, other collateralised financing and bonds are listed as "Interest-bearing financial liabilities". Mortgages and other collateralised financing are recorded in the balance sheet at nominal value. Bonds are also recorded in the balance sheet at nominal value. Transaction costs are amortised in the income statement over the maturity of the bond. The difference between the received equivalent and the repayment value of the bond are also amortised in the income statement. Financing or repayments due within a period of 12 months are classified as current.

Estimates and assessments

Financial statements require estimates and assessments from the Board of Directors that could influence the amount of reported assets and liabilities and contingent liabilities at the time of preparation of the balance sheet, in addition to expenditures and income of the reporting period. In each case, the Board of Directors makes a discretionary decision regarding use of available leeway in statutory evaluation and reporting. Therefore, under the conservatism principle, depreciation, amortisation and provisions can be generated over and beyond the operationally necessary amount if it is in the best interests of the company

Personnel expenses

If the employer's own shares are issued as part of employee share or option plans, in principle, the positive difference between the cost price or book value of the treasury share and the amount paid by the employee (exercise price) constitutes personnel expenses.

Direct taxes

Taxes on earnings are listed under "Taxes", whereas capital or property taxes are listed under "General operating expenses".

Non-inclusion of additional information in the notes

As HIAG Immobilien Holding AG establishes consolidated financial statements in accordance with an accepted accounting standard (Swiss GAAP FER), it has not included additional information in the notes.

Statutory reserves from capital contribution

The capital contributions reported to the Swiss Federal Tax Administration (ESTV) as at 18 May 2018 and 18 December 2020 totalling TCHF 35,890 were recognised by the ESTV in the amount of TCHF 32,132.

Summary of HIAG Immobilien Holding AG participations at 31.12.2020

Company	City	Share capital in TCHF	Participation/ Voting rights 2020[1] in %	Participation/ Voting rights 2019[1] in %	Book value of the participation 2020 in TCHF	Book value of the participation 2019 in TCHF
HIAG Immobilien Schweiz AG	Baar	11,000	100	100	78,373	78,373
HIAG Data AG	Zurich	10,000	100	100	–	–
HIAG Labs AG[2]	Zurich	100	100	100	–	–
Total participations		**–**	**–**	**–**	**78,373**	**78,373**

[1] Voting rights and capital share
[2] Marbell AG was renamed HIAG Labs AG in the year under review.

Indirect participations as at 31.12.2020

Company	Share capital in TCHF	Share capital in TCHF	Participation/Voting rights 2020[1] in %	Participation/Voting rights 2019[1] in %
HIAG AG	Basel	150	100%	100%
HIAG Immobilien AG[2]	St. Margrethen	5,000	100%	100%
HIAG Immobilier Léman SA	Aigle	1,000	100%	100%
Léger SA	Lancy	400	100%	100%
Weeba SA	Lancy	100	100%	100%
Pellarin-Transports SA	Lancy	50	100%	100%
Promo-Praille SA	Lancy	200	100%	100%
Jaeger et Bosshard SA[3]	Lancy	1,175	100%	100%
Société coopérative en faveur du développement des terrains industriels de la Praille-Sud	Lancy	35	100%	100%
Trans Fiber Systems SA	Menziken	107	100%	100%
HIAG Real Estate AG	Zurich	400	100%	100%

[1] Voting rights and capital share
[2] CIS Operations AG was renamed HIAG Real Estate AG in the reporting year. From 2021 onwards, HIAG Real Estate AG will pursue a real estate purpose (holding and developing as well as selling properties) in line with the HIAG Group's strategy.

HIAG AG provides services in the areas of employee benefits and human resources.

HIAG Data AG and HIAG Real Estate AG form the Cloud Services segment together with HIAG Labs AG. HIAG Labs AG provides services related to third-party financing. Following the decision by the Board of Directors of HIAG Immobilien Holding AG on 13 August 2019 to discontinue the Cloud Services business model, HIAG has focused on the sale and marketing of the existing assets.

Jaeger et Bosshard SA specialises in metal recycling. In addition to this business, the company holds a share in the "Porte Sud" site in the Lancy district of Geneva with construction rights. Until further notice, the metal recycling business is being operated by the company's previous owner on behalf of HIAG. All other companies are real estate companies within the framework of HIAG Group's strategy and their purpose is to hold, develop and sell properties.

Impairment of financial assets / investments

On 13 August 2019, the Board of Directors of HIAG Immobilien Holding AG unanimously decided to discontinue the Cloud Services segment, which included the development of its own multi-cloud platform. The HIAG Data AG and HIAG Real Estate AG subsidiaries are currently being restructured. The decision will result in impairments in the following balance sheet items as of 31 December 2020.

In TCHF	31.12.2019
Other current receivables due from the Group	–10
Financial assets due from the Group	–98,910
Participations-Group	–11,075
Non-current assets	**–109,995**

In 2019, the investment in HIAG Labs AG (TCHF 100) and part of the loan to HIAG Labs AG (TCHF 850) were also depreciated as it is unlikely that HIAG Labs AG will be able to repay the loan in full in the future.

Total liabilities

in TCHF	31.12.2020	31.12.2019
Other current liabilities	**2**	**87**
- thereof liabilities to pension funds	–	8
- thereof liabilities to social insurance	–	79

in TCHF	31.12.2020	31.12.2019
Current interest-bearing financial liabilities	**100,000**	–
Bonds	100,000	–

in TCHF	31.12.2020	31.12.2019
Non-current interest-bearing financial liabilities	**540,000**	640,000
Bonds	540,000	640,000

In the reporting year, the bond in the amount of TCHF 100,000 is reported under short-term interest-bearing financial liabilities as it is due for repayment on 1 July 2021.

Benchmarks	Bond May 2019	Bond October 2018	Bond May 2017	Bond July 2016	Bond July 2015
Amount	TCHF 150,000	TCHF 125,000	TCHF 150,000	TCHF 115,000	TCHF 100,000
Maturity	5 years (08.05.2019 −08.05.2024)	4 years (26.10.2018 −26.10.2022)	5 years (30.05.2017 −30.05.2022)	7 years (04.07.2016 −04.07.2023)	6 years (01.07.2015 −01.07.2021)
Interest rate	0.875%	1.0%	0.8%	1.0%	1.0%
Listing	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Security number	47,129,798	43,467,844	36,274,830	32,637,142	28,460,739
ISIN	CH0471297983	CH0434678444	CH0362748300	CH0326371421	CH0284607394

Shareholders' equity

In TCHF except for number of shares	**31.12.2020**	31.12.2019
Share capital	**8,433**	**8,050**
Registered shares as at 31 December (nominal value of CHF 1.00)	8,433,000	8,050,000

On 27 October 2020, HIAG Immobilien Holding AG placed 383,000 registered shares with a nominal value of CHF 1.00 in a private placement. The placement price per share was CHF 86.00.

In TCHF	
Authorised share capital as at 31.12.2019	**1,600**
Share capital increase 23.10.2020	**–383**
Authorised share capital as at 31.12.2020	**1,217**

According to Article 3a of the Articles of Incorporation, the Board of Directors is authorised to increase the share capital of the Company by a maximum of TCHF 1,217 until 23 April 2022 (authorised share capital).

As at 31 December 2020, the conditional share capital amounted to TCHF 350 (2019: TCHF 350).

in TCHF	31.12.2020	31.12.2019
Personnel expenses	**–107**	**–340**
- thereof discount on the distribution of HIAG Immobilien Holding AG shares to HIAG Group employees	–76	–152
Number of full-time positions at the average rate for the year	below 10	below 10

Office and administrative expenses	–2,789	–2,280
- thereof Board of Directors fees[1]	–1,203	–1,205

Financial expenses	–16,434	–117,112
- thereof issuing expenses[2]	–410	–377
- thereof extraordinary amortisation	–9,760	–110,945

[1] The General Counsel is simultaneously a member of the Board of Directors and a member of the Management Board. His total compensation is reported under Board of Directors fees only.

[2] The issuing costs of the bonds from July 2015, July 2016, May 2017, October 2018 and May 2019 for a total of TCHF 2,120 are amortised over the term of the bonds via the income statement (2019: TCHF 2,120).

Treasury shares

TCHF except for number of shares	Number of shares	31.12.2020	31.12.2019
Book value as at 1 Januar	**49,915**	6,081	6,921
Purchase	**–**	–	1,732
Sale	**–6,973**	–870	–2,572
Book value as at 31 December	**42,942**	5,211	6,081

In the year under review, no HIAG Immobilien Holding AG shares were purchased by the company. 6,973 shares were allocated or sold to employees. Because the sale and allocation were made after deduction of the employee discount permitted for tax purposes, a loss of TCHF 246 (2019: TCHF 13) was realised on this sale and booked against the statutory capital reserves.

Contingent liabilities

in TCHF	31.12.2020	31.12.2019
Guarantees to third parties	**30,501**	32,116
Total	**30,501**	**32,116**

Significant shareholders

The following shareholders or shareholder groups were recognised by the Board of Directors as at the reporting date as each holding more than 3% of voting rights in the company:

Voting rights	31.12.2020	31.12.2019
Lock-up group composed of:	62.9%	65.5%
SFAG Holding AG		
Dr. Felix Grisard		
HIAG Beteiligung Holding AG[1]		
Grisgros AG[2]		
Senft AG[3]		

[1] HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard.
[2] Grisgors AG is controlled by Andrea Grisard.
[3] Senft AG is controlled by Salome Grisard Varnholt.

The members of this shareholder group concluded a shareholders' agreement on 14 April 2014 concerning shares of SFAG Holding AG. SFAG Holding AG is the main shareholder of HIAG Immobilien Holding AG with a shareholding of 48.0% (2019: 50.0%). By concluding this shareholders' agreement, the shareholders of SFAG Holding AG and SFAG Holding AG became a group within the meaning of Art. 121 of the Swiss Financial Market Infrastructure Act (FinfraG).

Shares held by current members of the executive and supervisory bodies

	31.12.2020	31.12.2019
Dr. Felix Grisard, President of the Board of Directors[1]	184,593	184,593
HIAG Beteiligung Holding AG[2]	395,000	395,000
Senft AG[3]	282,896	282,896
Dr. Walter Jakob, Member of the Board of Directors	2,500	2,500
Balz Halter, Member of the Board of Directors	8,418	4,000
Dr. Jvo Grundler, Member of the Board of Directors and Executive Board	47,085	43,762
Marco Feusi, CEO	5,572	–
Laurent Spindler, CFO	6,784	6,391
Total	**932,848**	**919,142**

[1] Dr. Felix Grisard and Salome Grisard Varnholt are shareholders in the Board of Directors of SFAG Holding AG, which holds 4,058,704 shares in HIAG Immobilien Holding AG. With 48.0% of shares, SFAG Holding AG is the main shareholder of HIAG Immobilien Holding AG. Dr Felix Grisard and Salome Grisard Varnholt jointly hold two thirds of the shares of SFAG Holding AG directly and indirectly.
[2] HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard.
[3] Senft AG is controlled by Salome Grisard Varnholt.

Subsequent events

The Individual Financial Statements 2019 were approved by the Board of Directors on 12 March 2021. No significant events occurred between the balance sheet date and this point in time.

Offsetting of the voluntary retained earnings against the accumulated loss

Proposed appropriation of voluntary retained earnings in TCHF	31.12.2020
Voluntary retained earnings	108,000
Allocation to balance sheet carryforward	–108,000
Voluntary retained earnings after allocation	–

Proposal of the Board of Directors for the appropriation of retained earnings in TCHF	31.12.2020
Accumulated loss	–63,696
Offsetting the voluntary reserves	108,000
Accumulated loss / profit	44,304

Appropriation of profit

For the 2020 financial year, the Board of Directors proposes to the Annual General Meeting on 22 April 2021 that a dividend of CHF 2.30 gross per share be distributed for a maximum of 8,433,000 outstanding shares. The maximum total distribution amounts to TCHF 19,396 and will be paid out from the balance sheet profit for a maximum of TCHF 9,698 and from capital contribution reserves for a maximum of TCHF 9,698. In the previous year, no dividend was paid.

Proposed appropriation of accumulated profit in TCHF	31.12.2020	31.12.2019
Net income	–10,366	–109,880
Net profit after offsetting voluntary retained earnings	44,304	46,183
Accumulated profit / loss	33,938	–63,696
Dividend payment out of the distributable profit	–9,698	–
Amount carried forward to next year	24,240	–63,696

in TCHF	31.12.2020	31.12.2019
Statutory reserves from capital contribution before dividend payment	35,890	3,335
Dividend payment	–9,698	–
Statutory reserves from capital contribution after dividend payment	26,192	3,335

Report of the Statutory Auditor with Financial Statements

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To the General Meeting of
HIAG Immobilien Holding AG, Basel

Basle, 12 March 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of HIAG Immobilien Holding AG, which comprise the balance sheet, income statement and notes (pages 136 to 144), for the year ended 31 December 2020.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of group financial assets group and participations group	
Risk	As at 31 December 2020, financial assets group of kCHF 636'035 and participations group of kCHF 78'373 represent 98% of the Company's total assets. Further details regarding the financial assets group and participations group are included in the notes to the financial statements. Due to the significance of the carrying amount of the valuation of those two assets, this matter was considered significant to our audit.
Our audit response	During our audit we analysed the key assumptions used in the valuation. For financial assets group and participations group which are linked to property entities with an active portfolio, we examined the Company's valuation model and analysed the underlying key assumptions. We also assessed the historical accuracy of the Company's estimates and compared these assumptions to corroborating information. For other financial assets group and participations group we analysed the assumptions used by the management and compared those with corroborating information or with a valuation model. Our audit procedures did not lead to any reservations concerning the impairment recognized and the valuation of the group financial assets group and participations group.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Fabian Meier Licensed audit expert (Auditor in charge)	Daniel Zaugg Licensed audit expert

HIAG