

**HIAG**

**Annual Report**



# Consolidated Financial Statements

## Consolidated Balance Sheet

| in TCHF                               |   | 31/12/2021       | 31/12/2020       |
|---------------------------------------|---|------------------|------------------|
| Cash and cash equivalents             |   | 87,350           | 19,706           |
| Trade receivables                     | 1 | 4,130            | 3,393            |
| Other current receivables             | 2 | 6,445            | 8,214            |
| Inventory                             |   | 592              | 501              |
| Other current financial assets        |   | 1,421            | 718              |
| Properties for sale                   | 3 | 32,111           | 29,427           |
| Prepayments and accrued income        | 7 | 3,980            | 4,918            |
| <b>Current assets</b>                 |   | <b>136,028</b>   | <b>66,877</b>    |
| Other non-current receivables         | 5 | 5,186            | 4,002            |
| Investment properties                 | 4 | 1,752,318        | 1,608,417        |
| Other property, plant and equipment   |   | 1,215            | 2,110            |
| Financial assets                      | 8 | 8,264            | 9,972            |
| Financial assets associated companies |   | 539              | -                |
| Shares in associated companies        | 6 | 94               | -                |
| <b>Non-current assets</b>             |   | <b>1,767,615</b> | <b>1,624,501</b> |
| <b>Total assets</b>                   |   | <b>1,903,643</b> | <b>1,691,378</b> |

# Consolidated Financial Statements

## Consolidated Balance Sheet

| in TCHF                                    |    | 31/12/2021     | 31/12/2020     |
|--|----|----------------|----------------|
| Current financial liabilities              | 11 | 277,574        | 139,257        |
| Trade payables                             |    | 4,825          | 3,227          |
| Other current liabilities                  | 9  | 9,279          | 5,965          |
| Current provisions                         | 10 | 3,429          | 13,024         |
| Tax liabilities                            | 23 | 4,283          | 1,715          |
| Accrued expenses and deferred income       | 12 | 16,629         | 16,396         |
| <b>Current liabilities</b>                 |    | <b>316,020</b> | <b>179,584</b> |
| Non-current financial liabilities          | 11 | 515,313        | 677,429        |
| Non-current provisions                     | 10 | 2,227          | 112            |
| Deferred taxes                             | 23 | 81,084         | 73,131         |
| <b>Non-current liabilities</b>             |    | <b>598,625</b> | <b>750,672</b> |
| <b>Total liabilities</b>                   |    | <b>914,645</b> | <b>930,256</b> |
| Share capital                              | 25 | 10,120         | 8,433          |
| Capital reserves                           |    | 184,360        | 39,947         |
| Treasury shares                            | 27 | -4,069         | -5,211         |
| Retained earnings                          |    | 798,588        | 717,953        |
| <b>Shareholders' equity</b>                |    | <b>988,999</b> | <b>761,122</b> |
| Total liabilities and shareholders' equity |    | 1,903,643      | 1,691,378      |

# Consolidated Financial Statements

## Consolidated Income Statement

| in TCHF  |            | 2021           | 2020           |
|--|------------|----------------|----------------|
| Property income  | 14         | 63,142         | 59,738         |
| Revaluation of properties  | 15         | 60,523         | 27,002         |
| Income from sale of properties   | 16         | –              | 10,560         |
| Profit from sale of investment properties                                      | 16         | 16,543         | 4,905          |
| Other operating income <sup>1</sup>  | 17         | 14,114         | 12,531         |
| <b>Total operating income</b>  |            | <b>154,322</b> | <b>114,736</b> |
| Direct expenses from sales of properties                                       | 16         | –              | -9,133         |
| Cost of materials  |            | -6,589         | -3,097         |
| Personnel expenses   | 13, 18, 19 | -13,945        | -16,479        |
| Maintenance and repairs  | 20         | -6,218         | 242            |
| Insurance and fees   |            | -1,120         | -1,649         |
| Energy costs and building maintenance  | 21         | -910           | -4,360         |
| General operating expenses   |            | -430           | -467           |
| Office, administrative and development expenses                                |            | -6,809         | -7,121         |
| Marketing and selling expenses   |            | -722           | -743           |
| Rent and leases  |            | -1,954         | -1,675         |
| <b>Total operating expenses</b>  |            | <b>-38,696</b> | <b>-44,481</b> |
| <b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b> |            | <b>115,627</b> | <b>70,254</b>  |
| Depreciation and amortisation  |            | -499           | -396           |
| <b>Earnings before interest and taxes (EBIT)</b>                               |            | <b>115,128</b> | <b>69,859</b>  |
| Financial income   | 22         | 1,028          | 968            |
| Financial expenses   | 22         | -10,180        | -9,560         |
| Share of results from associated companies                                     |            | -4             | –              |
| <b>Earnings before taxes (EBT)</b>   |            | <b>105,971</b> | <b>61,266</b>  |
| Taxes  | 23         | -16,708        | -6,107         |
| <b>Net income for the period</b>   |            | <b>89,263</b>  | <b>55,159</b>  |
| Undiluted earnings per share (in CHF)  | 25         | 10.39          | 6.82           |
| Diluted earnings per share (in CHF)  | 25         | 10.39          | 6.82           |

<sup>1</sup> Other operating income for 2020 still includes income from cloud services in the amount of TCHF 93.

# Consolidated Financial Statements

## Consolidated Cash Flow Statement

| in TCHF   | 2021           | 2020           |
|---|----------------|----------------|
| Net income for the period   | 89,263         | 55,159         |
| Change in value from revaluation of properties                    | -60,523        | -27,002        |
| Depreciation and amortisation                                     | 499            | 396            |
| Impairment of financial assets                                    | 1,867          | 1,550          |
| Income from sale of other assets                                  | -2,114         | -5,090         |
| Income from the sale of properties                                | -16,543        | -4,905         |
| Share-based payments  | 595            | 562            |
| Change in financial liabilities from interest rate swaps          | -511           | -              |
| Revaluation of shares in associated companies                     | 4              | -              |
| Change in trade receivables                                       | -517           | -457           |
| Change in trade payables  | 3,590          | 167            |
| Change in other current receivables & income                      | 4,726          | -773           |
| Change in properties for sale                                     | -2,684         | 6,126          |
| Change in inventory   | -90            | -82            |
| Change in other non-current receivables                           | -1,238         | -448           |
| Change in other current liabilities                               | -3,413         | -13,008        |
| Change in non-current provisions                                  | 965            | -13            |
| Change in deferred taxes & capitalised tax losses carried forward | 6,146          | 4,198          |
| Result from currency effects                                      | 72             | 17             |
| <b>Cash flow from operating activities</b>                        | <b>20,094</b>  | <b>16,397</b>  |
| Investment in investment properties                               | -96,298        | -73,351        |
| Acquisition of consolidated companies                             | -22,681        | -              |
| Investments in financial assets                                   | -2,757         | -3,844         |
| Purchase of other property, plant and equipment                   | -347           | -1,050         |
| Proceeds from disposal of properties                              | 78,980         | 32,190         |
| Proceeds from disposal of other property, plant and equipment     | 2,858          | 6,747          |
| Proceeds from divestment of financial assets                      | 540            | -              |
| <b>Cash flow from investment activities</b>                       | <b>-39,705</b> | <b>-39,308</b> |

# Consolidated Financial Statements

## Consolidated Cash Flow Statement

| in TCHF  | 2021          | 2020          |
|--|---------------|---------------|
| Proceeds of financial liabilities                              | 78,482        | 75,209        |
| Amortisation and repayment of financial liabilities            | -188,187      | -89,824       |
| Capital increase   | 155,958       | 32,692        |
| Bond issuance  | 160,000       | -             |
| Amortisation and repayment of bonds                            | -100,000      | -             |
| Disposal of treasury shares                                    | 370           | 624           |
| Payout from capital reserves/retained earnings to shareholders | -19,297       | -             |
| <b>Cash flow from financing activities</b>                     | <b>87,326</b> | <b>18,701</b> |
| Effects from foreign exchange                                  | -72           | -17           |
| <b>Increase / decrease in cash and cash equivalents</b>        | <b>67,643</b> | <b>-4,227</b> |
| Cash and cash equivalents at 1 January                         | 19,706        | 23,933        |
| Cash and cash equivalents at 31 December                       | 87,350        | 19,706        |
| <b>Increase / decrease in cash and cash equivalents</b>        | <b>67,643</b> | <b>-4,227</b> |

# Consolidated Financial Statements

## Statement of Shareholders' Equity

| in TCHF                                   | Share capital <sup>1</sup> | Treasury shares | Capital reserves | Retained earnings | Total          |
|---|----------------------------|-----------------|------------------|-------------------|----------------|
| <b>Shareholders' equity at 01/01/2020</b> | <b>8,050</b>               | <b>7,884</b>    | <b>-6,081</b>    | <b>662,232</b>    | <b>672,085</b> |
| Sale/allocation of treasury shares        | -                          | -246            | 870              | -                 | 624            |
| Share-based compensation                  | -                          | -               | -                | 562               | 562            |
| Capital increase                          | 383                        | 32,309          | -                | -                 | 32,692         |
| Net income for the period                 | -                          | -               | -                | 55,159            | 55,159         |
| <b>Shareholders' equity at 31/12/2020</b> | <b>8,433</b>               | <b>39,947</b>   | <b>-5,211</b>    | <b>717,953</b>    | <b>761,122</b> |
| <b>Shareholders' equity at 01/01/2021</b> | <b>8,433</b>               | <b>39,947</b>   | <b>-5,211</b>    | <b>717,953</b>    | <b>761,122</b> |
| Dividend payment                          | -                          | -9,649          | -                | -9,649            | -19,298        |
| Sale/allocation of treasury shares        | -                          | -211            | 1,142            | -562              | 369            |
| Share-based compensation                  | -                          | -               | -                | 595               | 595            |
| Badwill <sup>2</sup>                      | -                          | -               | -                | 987               | 987            |
| Capital increase <sup>3</sup>             | 1,687                      | 154,272         | -                | -                 | 155,959        |
| Net income for the period                 | -                          | -               | -                | 89,263            | 89,263         |
| <b>Shareholders' equity at 31/12/2021</b> | <b>10,120</b>              | <b>184,360</b>  | <b>-4,069</b>    | <b>798,588</b>    | <b>988,999</b> |

<sup>1</sup> On 31 December 2021, share capital consisted of 10,119,600 registered shares at a nominal value CHF 1.00 per share (previous year: 8,433,000).

<sup>2</sup> The badwill resulted from the acquisition of the subsidiary K-Buchs S.à.r.l. in April 2021. It was offset against retained earnings as at the date of acquisition.

<sup>3</sup> On 16 November 2021, HIAG Immobilien Holding AG issued 1,686,600 new registered shares with a nominal value of CHF 1.00 per share as part of a capital increase. The issue price per share was CHF 95.00. The net proceeds after offsetting the capital transaction costs amounted to TCHF 155,959.

# Consolidated Financial Statements

## Notes to the Consolidated Financial Statements

### Segment reporting

The business model comprises three business segments: active portfolio and asset management, which consists mainly of managing and maintaining the company's properties, site and project development, from interim use to implementation, and transaction management to ensure continuous quality improvements to the real estate portfolio and implementation of the capital recycling strategy. Accordingly, reporting is provided for the "Yielding portfolio", "Development portfolio" and "Transaction" segments. The reporting has been modified from the previous year to include the "Transaction" segment. Starting in 2021, the personnel expenses connected with the central functions are allocated to the four segments in accordance with a defined key. Consequently, the new presentation has resulted in an adjustment of the figures for previous years.

The "Others" segment includes expenses connected with central functions and activities in the metal recycling business as a result of the acquisition in 2019 of Jaeger et Bosshard SA. The inter-segment eliminations for offsets within segments are disclosed separately. In addition, the presentation of the previous year for the "Cloud" segment, which has been discontinued, is now included in "Others".

As HIAG operates only in Switzerland, there is no geographic segment information.

Segments 1 January 2021 to 31 December 2021

| in TCHF   | Yielding portfolio | Development portfolio | Transaction   | Others         | Intersegment elimination | Group          |
|---|--------------------|-----------------------|---------------|----------------|--------------------------|----------------|
| Property income   | 52,740             | 10,690                | -             | -              | -288                     | 63,142         |
| Revaluation of properties   | 33,450             | 16,444                | 10,628        | -              | -                        | 60,523         |
| Income from sale of properties  | -                  | -                     | -             | -              | -                        | -              |
| Profit from sale of investment properties                               | -                  | -                     | 16,543        | -              | -                        | 16,543         |
| Other operating income  | 1,170              | 2,685                 | -             | 10,703         | -444                     | 14,114         |
| <b>Total operating income</b>   | <b>87,360</b>      | <b>29,820</b>         | <b>27,172</b> | <b>10,703</b>  | <b>-732</b>              | <b>154,322</b> |
| Direct expenses from sales of properties                                | -                  | -                     | -             | -              | -                        | -              |
| Cost of materials   | -                  | -                     | -             | -6,589         | -                        | -6,589         |
| Personnel expenses  | -3,809             | -5,663                | -786          | -3,687         | -                        | -13,945        |
| Maintenance and repairs   | -3,832             | -2,020                | -             | -366           | -                        | -6,218         |
| Insurance and fees  | -716               | -345                  | -             | -59            | -                        | -1,120         |
| Energy costs and building maintenance                                   | -1,090             | 230                   | -             | -49            | -                        | -910           |
| General operating expenses  | -21                | -94                   | -             | -314           | -                        | -430           |
| Office, administrative and development expenses                         | -2,076             | -1,262                | -296          | -3,619         | 444                      | -6,809         |
| Marketing expenses  | -395               | -50                   | -             | -277           | -                        | -722           |
| Rent and leases   | -1,026             | -756                  | -             | -460           | 288                      | -1,954         |
| <b>Total operating expenses</b>   | <b>-12,966</b>     | <b>-9,960</b>         | <b>-1,082</b> | <b>-15,420</b> | <b>732</b>               | <b>-38,696</b> |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 74,395             | 19,859                | 26,090        | -4,717         | -                        | 115,627        |
| EBITDA before revaluation of properties                                 | 40,944             | 3,415                 | 15,462        | -4,717         | -                        | 55,104         |
| Depreciation and amortisation   |                    |                       |               |                |                          | -499           |
| Financial result  |                    |                       |               |                |                          | -9,156         |
| Taxes   |                    |                       |               |                |                          | -16,708        |
| <b>Net income for the period</b>  |                    |                       |               |                |                          | <b>89,263</b>  |



# Consolidated Financial Statements

Restated Segments 1 January 2020 to 31 December 2020<sup>1</sup>

| in TCHF   | Yielding portfolio | Development portfolio | Transaction  | Others         | Intersegment elimination | Group          |
|---|--------------------|-----------------------|--------------|----------------|--------------------------|----------------|
| Property income   | 49,104             | 10,883                | -            | -              | -250                     | 59,738         |
| Revaluation of properties   | 9,756              | 14,222                | 3,024        | -              | -                        | 27,002         |
| Income from sale of properties  | -                  | 10,560                | -            | -              | -                        | 10,560         |
| Profit from sale of investment properties                               | -                  | -                     | 4,905        | -              | -                        | 4,905          |
| Other operating income  | 1,222              | 5,221                 | -            | 7,189          | -1,101                   | 12,531         |
| <b>Total operating income</b>   | <b>60,082</b>      | <b>40,887</b>         | <b>7,929</b> | <b>7,189</b>   | <b>-1,351</b>            | <b>114,736</b> |
| Direct expenses from sales of properties                                | -                  | -9,133                | -            | -              | -                        | -9,133         |
| Cost of materials   | -                  | -                     | -            | -3,097         | -                        | -3,097         |
| Personnel expenses  | -3,256             | -7,704                | -433         | -5,087         | -                        | -16,479        |
| Maintenance and repairs   | -3,729             | 5,186                 | -            | -1,216         | -                        | 242            |
| Insurance and fees  | -658               | -590                  | -            | -401           | -                        | -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             | -1,310                | -247         | -4,379         | 839                      | -7,121         |
| Marketing expenses  | -430               | -47                   | -            | -265           | -                        | -743           |
| Rent and leases   | -1,021             | -549                  | -            | -616           | 512                      | -1,675         |
| <b>Total operating expenses</b>   | <b>-12,454</b>     | <b>-17,357</b>        | <b>-680</b>  | <b>-15,342</b> | <b>1,351</b>             | <b>-44,481</b> |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 47,628             | 23,530                | 7,249        | -8,153         | -                        | 70,254         |
| EBITDA before revaluation of properties without minority interests      | 37,872             | 9,308                 | 4,225        | -8,153         | -                        | 43,252         |
| Depreciation and amortisation   |                    |                       |              |                |                          | -396           |
| Financial result  |                    |                       |              |                |                          | -8,592         |
| Taxes   |                    |                       |              |                |                          | -6,107         |
| <b>Net income for the period</b>  |                    |                       |              |                |                          | <b>55,159</b>  |

<sup>1</sup> Supplemented to include the "Transaction" segment; the "Cloud" segment is presented in the "Others" segment.

# 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 Consolidated Financial Statements are based on the individual financial statements of the HIAG Group companies. 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. Rounding to thousands of CHF may result in rounding differences.

The Consolidated Annual Financial Statements are available in German and English. The German version is authoritative.

## 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. 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 inter-company 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 included in the Consolidated Balance Sheet under Financial assets at acquisition cost minus any operationally necessary impairment.

# Consolidated Financial Statements

| Company   | Share capital<br>in TCHF | Stake 2021 <sup>1</sup><br>in % | Stake 2020 <sup>1</sup><br>in % | Location       |
|---|--------------------------|---------------------------------|---------------------------------|----------------|
| HIAG Immobilien Schweiz AG  | 11,000                   | 100                             | 100                             | Baar           |
| HIAG AG <sup>2</sup>  | 150                      | –                               | 100                             | Basel          |
| HIAG Immobilien AG <sup>3</sup>   | 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<br>développement des terrains<br>industriels de la Praille-Sud | 35                       | 100                             | 100                             | Lancy          |
| HIAG Immobilien AG <sup>4</sup>   | 10,000                   | 100                             | 100                             | Zürich         |
| Trans Fiber Systems SA  | 107                      | 100                             | 100                             | Menziken       |
| HIAG Real Estate AG   | 400                      | 100                             | 100                             | Zürich         |
| HIAG Labs AG  | 100                      | 100                             | 100                             | Zürich         |
| <b>Associated participations</b>  |                          |                                 |                                 |                |
| HIAG Solar AG <sup>5</sup>  | 200                      | 49                              | -                               | Münchenstein   |

<sup>1</sup> Voting rights and share capital

<sup>2</sup> On 1 January 2021, HIAG AG merged with HIAG Immobilien Schweiz AG.

<sup>3</sup> On 1 January 2021, HIAG Immobilien AG merged with HIAG Immobilien Schweiz AG.

<sup>4</sup> HIAG Data AG was renamed HIAG Immobilien AG during the reporting year. As part of the strategy of the HIAG Group, HIAG Immobilien AG will have a real estate purpose (holding, developing and buying/selling properties).

<sup>5</sup> HIAG Solar AG was founded on 5 March 2021 in cooperation with aventron solar AG. It is valued using the equity method.

**Jaeger et Bosshard SA specialises in metal recycling. In addition, the company also has a stake in the “Porte Sud” site in Lancy (Geneva) with building rights. The metal recycling business will continue to be operated by the former owner of the company on behalf of HIAG until further notice.**

**K-Buchs S.à.r.l. was acquired on 26 April 2021 as part of a share deal. The assets of K-Buchs S.à.r.l. were transferred to HIAG Real Estate AG in the second half of 2021, followed by the liquidation of K-Buchs S.à.r.l.**

**HIAG Solar AG was founded as part of a joint venture with aventron solar AG, an established producer of electricity from renewable energy based in Münchenstein (BL). The objective of the company is to increase the production of solar electricity at the properties in the HIAG real estate portfolio. HIAG holds 49% of HIAG Solar AG and determines the company’s value using the equity method.**

**All other companies are real estate companies in line with the strategy of HIAG with the purpose of holding, developing, buying and selling properties.**

# Consolidated Financial Statements

## 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 arising from the purchase price and the newly valued net assets of the acquired company is termed goodwill or badwill. Any goodwill or badwill is offset against or credited to retained earnings with no effect on income. The initial consolidation takes effect with the transfer of control over the acquired companies.

## Changes in the scope of consolidation

There were following changes in the scope of consolidation during the reporting period:

| Consolidated company |                            | Stake in % |
|----------------------|----------------------------|------------|
| K-Buchs S.à.r.l.     | Purchased on 26 April 2021 | 100        |

## in TCHF

|   |               |
|---|---------------|
| Cash and cash equivalents               | 520           |
| Investment properties                   | 53,000        |
| Other current assets                    | 244           |
| Current financial liabilities           | -800          |
| Other current financial liabilities     | -4,896        |
| Non-current financial liabilities       | -24,315       |
| Other non-current financial liabilities | -628          |
| Deferred taxes                          | -2,525        |
| Shareholders' equity                    | -20,601       |
| <b>Purchase Price</b>                   | <b>19,613</b> |
| <b>Badwill</b>                          | <b>-987</b>   |

The acquisition resulted in a badwill of TCHF 987, which was offset against retained earnings at the time of acquisition.

# Consolidated Financial Statements

## 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

### Cash and cash equivalents

“Cash and cash equivalents” comprises 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 a 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 impairments.

### Properties for sale

“Properties for sale” includes residential projects that are developed and marketed as condominiums. Properties for sale are stated included in the balance sheet at acquisition or production cost, or the net market value, if this is lower. If the expected sale price is lower than the acquisition or production cost, an impairment is made.

### Investment properties

#### General

All investment properties are included at their acquisition cost when they are first recorded. They are subsequently measured and recorded at their market value on the basis of the discounted cash flow method (DCF). The residual value method is used to determine the market value of undeveloped land. The valuation is updated by an independent expert on a six monthly basis. The properties must be inspected at least every three years. Increases and decreases in value are recorded in the income statement item “Change in value from revaluation of properties”. The portfolio is analysed by management on an ongoing basis to identify environmental risks, such as building pollutants and contaminated sites. Management defines the likelihood and time horizon of environmental risks in line with the development horizon in order to determine the provision for such risks. The additional costs as a result of environmental risks are estimated by an independent environmental expert on the basis of historical and technical investigations and deducted from the market values of the properties.

Interest on construction loans is capitalised. Other borrowing costs are recorded as finance expenses. The portfolio does not include any properties used by HIAG itself.

# Consolidated Financial Statements

## 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 underway.

## 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.

## Derivative financial instruments

Derivative financial instruments used to hedge contractually agreed future cash flows are, in accordance with Swiss GAAP FER, either recorded in the balance sheet with no effect on income or treated as off-balance sheet items; i.e. they are disclosed in the notes. HIAG uses derivative financial instruments (interest rate swaps) to hedge interest rate risks. The value differences between the hedging transaction and the underlying transaction are booked only if there is a close mutual correlation (effectiveness). If this is the case, the hedging transaction is disclosed in the notes rather than in the balance sheet. The interest payments arising from the underlying and the hedging transaction are reported in the income statement.

Other property, plant and equipment and intangible fixed assets The items “Other fixed assets” and “Intangible assets” are recorded at their acquisition cost, less amortisation or depreciation and any value adjustments.

The amortisation or depreciation is recorded on a linear basis as follows:

| Category                                    | Amortisation/depreciation period |
|---|----------------------------------|
| Office equipment                            | 3 to 10 years                    |
| Jaeger et Bosshard SA tangible fixed assets | 5 to 15 years                    |
| Intangible assets                           | 3 to 5 years                     |

If it is likely that the economic life of the asset will be shorter than the planned period, a higher amount is recorded for amortisation/depreciation.

Leased assets are depreciated for the duration of the lease period.

## Financial assets, financial assets from shareholders

Financial assets are recorded in the balance sheet at nominal value.

## Impairment of assets

If there is any indication that an asset’s value is impaired, an “impairment test” is conducted. If the examination shows that the carrying amount exceeds the recoverable amount (the higher of either its value in use or fair value), an impairment is made to the recoverable value through profit or loss.

## Trade payables and other current and non-current liabilities

Current liabilities include liabilities that are due within 12 months. Liabilities that fall due after more than one year are reported under “Non-current liabilities”. These items are stated at their nominal value.

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## 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 value and the repayment amount are amortised in the income statement over the term of the costs.

Payments due within 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 lease is a finance lease if all the risks and opportunities associated with an asset are transferred on transfer of possession of the asset. If the lease is a finance lease, the assets and current and non-current lease liabilities are reported in the balance sheet. The lease payments are divided into interest and repayment components. The interest component is recorded under “Finance expenses” through profit or loss, and the amortisation component is booked as a reduction of the lease liability.

Operating leases are recorded as an expense in the income statement.

## Current and non-current provisions

Provisions are formed to cover identifiable risks and obligations. Provisions are recognised where there is an obligation to a third party as a result of an event in the past and the amount of the 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.

## Pension benefit obligations in accordance with Swiss GAAP FER 16

All companies belonging to the HIAG Group participate in the pension fund “HIAG Pensionskasse”. Any excess funding or shortfall is determined on the basis of the pension fund’s annual financial statements prepared in accordance with Swiss GAAP FER 26. There is no plan to capitalise any economic benefit (arising from excess funding of the pension fund), nor have the conditions for doing so been met. An economic obligation is classified as an obligation if the conditions for forming a provision have been met. An economic benefit resulting from employer contribution reserves is recognised as an asset. Changes to employer contribution reserves and any economic effects resulting from excess funding or shortfalls in the pension fund are recorded under “Personnel expenses”.

## 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. Revenue from the sale of electricity is recorded when the service is provided.

## Income from the sale of properties

Income from the sale of properties is recorded when the sales agreement is notarised. The gross income from the sale of properties, before taxes and after deduction of the associated transaction costs, is recognised. The associated expense is recorded in the item “Direct expenses from the sale of properties”.

# Consolidated Financial Statements

## Profit from the sale of properties

The profit from the sale of properties that are valued at market values is recorded in the item “Profit from the sale of real estate investments”.

## Other operating income

“Other operating income” includes all income that cannot be recorded in another income category. This includes one-off and non-recurring income (e.g. from the sale of fixed assets that are no longer being used or insurance benefits). It also includes income from other business areas that are not part of the Group’s core activities (such as services provided to third parties in the area of employee pension funds or income from the metal recycling business carried out by Jaeger et Bosshard SA). Such income is recorded when the service is provided to the third party or when the benefits and risks are transferred.

## Inventory and costs of material

As a result of the acquisition of the metal recycling company Jaeger et Bosshard SA, the Consolidated Financial Statements include inventories and costs of material. Inventories are valued at their cost of acquisition (average price method). If it is likely that the net market value of the inventories is less than their cost of acquisition, impairments are made on 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.

## Income tax

This item covers deferred taxes and current taxes on income.

Deferred taxes are calculated primarily on the basis of the temporary differences between the established market values and the tax values. The tax rate that applies or is expected to apply as at the balance sheet date is used for the calculation. A residual holding period is estimated for each property in order to calculate deferred taxes on real estate investments. If new information makes a detailed calculation of the deferred income and property gains taxes possible, this is taken into account as part of the calculation. The provisions for deferred taxes are discounted. As at 31 December 2021, a discount rate of 2.00% is applied (previous year: 2.00%).

Deferred income taxes are calculated on the taxable result. Other taxes, duties and property taxes are recorded under the item “General operating expenses”.

Deferred taxes from loss carryforwards are capitalised only if it appears sufficiently certain that they can be used. They are listed under “Financial assets” as per Swiss GAAP FER 11.

## Transactions with shareholders and related parties

Significant transactions with related natural persons and legal entities are disclosed separately as transactions with related parties in the note on “Financial assets, financial assets to shareholders, other current financial assets and current financial assets to shareholders”.



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## Share-based compensation

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 Note 19.

## Off-balance sheet items

Contingent liabilities and other off-balance sheet liabilities are valued and disclosed at the 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

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 of preparation of the balance sheet, and to income and expenses during the reporting period. 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 11 March 2022. The Consolidated Financial Statements are subject to approval by the General Meeting.

## 1 Trade receivables

| in TCHF                 | 31/12/2021   | 31/12/2020   |
|-------------------------|--------------|--------------|
| Trade receivables       | 4,431        | 4,052        |
| Provision for bad debts | -301         | -659         |
| <b>Total</b>            | <b>4,130</b> | <b>3,393</b> |

## 2 Other current receivables

| in TCHF  | 31/12/2021   | 31/12/2020   |
|--|--------------|--------------|
| Value-added tax receivables                              | -            | 1,570        |
| Heating and ancillary costs                              | 3,609        | 2,968        |
| Escrow account   | 1,051        | 1,051        |
| Deposits and guarantees                                  | 471          | 635          |
| Receivable from the sale of the Pratteln production site | -            | 423          |
| Charges passed on to tenants                             | -            | 389          |
| Current accounts condominium owners                      | 429          | 463          |
| Other current receivables                                | 885          | 715          |
| <b>Total</b>   | <b>6,445</b> | <b>8,214</b> |

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## 3 Properties for sale

| in TCHF                           | 31/12/2021    | 31/12/2020    |
|-----------------------------------|---------------|---------------|
| Promotion project "CHAMA stage 1" | 32,111        | 29,427        |
| <b>Total properties for sale</b>  | <b>32,111</b> | <b>29,427</b> |

| Project                              | Acquisition/<br>Project start | Estimated investment<br>volume in TCHF <sup>1</sup> | Project status     | Expected<br>completion | Completion<br>status in % <sup>2</sup> |
|--------------------------------------|-------------------------------|---|--------------------|------------------------|--|
| Promotion project<br>"CHAMA stage 1" | 2020                          | 39,670  | under construction | 2024                   | 13%                                    |

<sup>1</sup> Excl. land value of TCHF 26,920

<sup>2</sup> Land value not taken into account when calculating the completion status

As at the balance sheet date, the value of the "Properties for sale" was TCHF 32,111 (31 December 2020: TCHF 29,427). In reporting years 2021 and 2020, this related to the "CHAMA stage 1" condominium project. Stage 2 of the "CHAMA" project is currently recognised in "Investment properties" at market value.

The other projects in Cham ("CHAMA stage 1" and "CHAMA stage 2") are both valued at market value and recorded as real estate investments

## 4 Investment properties

| in TCHF  | Undeveloped<br>land | Properties       | Properties currently<br>under development | Total investment<br>properties |
|--|---------------------|------------------|---|--------------------------------|
| <b>Balance at 01/01/2020</b>                                     | <b>171,029</b>      | <b>1,338,552</b> | <b>62,097</b>                             | <b>1,571,676</b>               |
| Reclassifications  | -8,047              | -33,380          | 41,472                                    | -                              |
| Additions  | 17,473              | 36,821           | 21,214                                    | 75,508                         |
| Disposals  | -                   | -27,125          | -9,129                                    | -36,254                        |
| Revaluation of investment properties without environmental risks | 24,813              | 12,867           | 1,710                                     | 39,390                         |
| Value correction for environmental risks                         | -2,124              | -11,089          | 736                                       | -12,477                        |
| Reclassifications to properties for sale                         | -29,427             | -                | -   | -29,427                        |
| <b>Balance after reclassifications as at 31/12/2020</b>          | <b>173,717</b>      | <b>1,316,647</b> | <b>118,055</b>                            | <b>1,608,417</b>               |
| <b>Balance at 01/01/2021</b>                                     | <b>173,717</b>      | <b>1,316,647</b> | <b>118,055</b>                            | <b>1,608,417</b>               |
| Reclassifications  | -                   | 49,270           | -49,270                                   | -                              |
| Additions  | 6,108               | 58,741           | 29,770                                    | 94,620                         |
| Disposals  | -                   | -62,437          | -   | -62,437                        |
| Additions in scope of consolidation                              | -                   | 53,000           | -   | 53,000                         |
| Revaluation of investment properties without environmental risks | 8,859               | 49,908           | 4,570                                     | 63,337                         |
| Value correction for environmental risks                         | -1,124              | -3,620           | 125                                       | -4,619                         |
| <b>Balance after reclassifications as at 31/12/2021</b>          | <b>187,561</b>      | <b>1,461,509</b> | <b>103,250</b>                            | <b>1,752,318</b>               |

Investment properties are assets held at market value under "Fixed assets". During the reporting year, all Investment properties were valued by Wüest Partner AG. As at the balance sheet date, the discount rates underlying the property valuations ranged from 2.00% to 5.40% (31 December 2020: 2.00% to 5.50%).

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The additional costs as a result of environmental risks were estimated on the basis of historical and technical investigations and included in the “Investment properties” item in the amount of TCH 60,237 (31 December 2020: TCHF 56,028). Environmental risks are evaluated on an ongoing basis. The portfolio was re-examined in the second half of 2020 based on a risk analysis by management. Building pollutants and contaminated sites were analysed on the basis of current technical research. Management defined the likelihood and time horizon of environmental risks in line with the development horizon in order to determine the provision for such risks. New findings based on historical and technical investigations were taken into account on the balance sheet date and led to an increase in deductions for environmental risks of TCHF 4,619 during the current reporting period, with TCHF 2,819 through profit or loss and TCHF 1,800 in connection with an acquisition having no effect on income (2020: increase in deductions affecting income of TCHF 12,387, with no effect on income of TCHF 90). A discount rate of 2.00% was applied to the expected costs on the project start date as at 31 December 2021 (31 December 2020: 2.00%).

The actual acquisition costs cannot be estimated reliably in individual cases, since some of the acquisition dates are in the distant past. For this reason, they are not disclosed.

The additions in 2021 in the amount of TCHF 94,620 comprised investments in sites and the acquisitions in Winterthur, Solothurn and Reinach (TCHF 39,733). The largest investments were made in Meyrin (TCHF 16,160), Dietikon (TCHF 15,321), Niederhasli (TCHF 4,744), Cham (TCHF 4,001) and Wetzikon (TCHF 2,819).

The disposals in the amount of TCHF 62,437 involved sales in Bremgarten (TCHF 29,126), Aathal (TCHF 10,754), Biberist (TCHF 7,824), Wetzikon (TCHF 5,907), Basel (TCHF 6,103), Aigle (TCHF 2,315) and Windisch (TCHF 408).

The change in the scope of consolidation related to the property in Buchs (TCHF 53,000), which was acquired as part of the share deal for K-Buchs S.à.r.l.

## Market value of investment properties according to use<sup>1</sup> as at 31 December 2021

| in TCHF                 | 31/12/2021       |               | 31/12/2020 <sup>2</sup> |               |
|-------------------------|------------------|---------------|-------------------------|---------------|
| Industry, Commercial    | 676,488          | 38.6%         | 620,297                 | 38.6%         |
| Building land           | 214,034          | 12.2%         | 198,072                 | 12.3%         |
| Distribution, Logistics | 200,964          | 11.5%         | 131,102                 | 8.2%          |
| Retail                  | 192,747          | 11.0%         | 173,645                 | 10.8%         |
| Residential             | 178,143          | 10.2%         | 201,068                 | 12.5%         |
| Office                  | 177,322          | 10.1%         | 180,656                 | 11.2%         |
| Residential, Commercial | 98,044           | 5.6%          | 88,389                  | 5.5%          |
| Miscellaneous           | 14,576           | 0.8%          | 15,188                  | 0.9%          |
| <b>Total</b>            | <b>1,752,318</b> | <b>100.0%</b> | <b>1,608,417</b>        | <b>100.0%</b> |

<sup>1</sup> The type of use is based on the main use of the properties

<sup>2</sup> The market values of real estate investments Investment properties during the reporting year do not include the properties held for sale (CHAMA, STEWE, recognised in “Current assets”). The previous year was adjusted accordingly.

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## Market value of investment properties by canton as at 31 December 2021

| in TCHF          | 31/12/2021       |               | 31/12/2020 <sup>1</sup> |               |
|------------------|------------------|---------------|-------------------------|---------------|
| Zurich           | 487,341          | 27.8%         | 443,834                 | 27.6%         |
| Aargau           | 424,029          | 24.2%         | 374,784                 | 23.3%         |
| Geneva           | 259,553          | 14.8%         | 247,028                 | 15.4%         |
| Zug              | 135,115          | 7.7%          | 117,110                 | 7.3%          |
| Solothurn        | 130,494          | 7.4%          | 111,559                 | 6.9%          |
| Basel-Landschaft | 118,653          | 6.8%          | 113,718                 | 7.1%          |
| St. Gallen       | 75,647           | 4.3%          | 73,423                  | 4.6%          |
| Miscellaneous    | 121,486          | 7.0%          | 126,961                 | 7.8%          |
| <b>Total</b>     | <b>1,752,318</b> | <b>100.0%</b> | <b>1,608,417</b>        | <b>100.0%</b> |

<sup>1</sup> The market values of investment properties during the reporting year do not include the properties held for sale (CHAMA, STEWE, recognised in "Current assets"). The previous year was adjusted accordingly.

## 5 Other non-current receivables

| in TCHF                       | 31/12/2021   | 31/12/2020   |
|-------------------------------|--------------|--------------|
| Other non-current receivables | 4,886        | 3,702        |
| Escrow non-current            | 300          | 300          |
| <b>Total</b>                  | <b>5,186</b> | <b>4,002</b> |

The item "Other non-current receivables" includes a receivable for TCHF 2,554 (previous year: TCHF 2,554) that was incurred as a result of the use of space beyond the ordinary rental period. An agreement to transfer first-priority mortgage notes for an industrial site was signed to secure this receivable.

As part of the acquisition of Jaeger et Bosshard SA, a purchase price adjustment agreement was concluded with the former owner that stipulated that the actual cumulative results generated for 2019 to 2023 would reach an amount defined in advance. Current estimates show that the defined amount will be exceeded for the entire period. As a result, non-current receivables were increased by TCHF 580 during the reporting period and now amount to TCHF 1,140 (previous year: TCHF 560).

## 6 Shares in associated companies

HIAG Solar AG was founded with aventron as part of a joint venture. HIAG holds 49% of HIAG Solar AG and determines the company's value using the equity method. The result of companies valued at equity is included in the item "Share of results from associated companies".

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## 7 Prepayments and accrued income

| in TCHF                                   | 31/12/2021   | 31/12/2020   |
|---|--------------|--------------|
| Bond financing costs                      | 882          | 818          |
| Insurance benefits and premiums           | 375          | 126          |
| Accrued income (rents, electricity, etc.) | 2,290        | 2,139        |
| Funding contributions                     | -            | 955          |
| Other                                     | 433          | 880          |
| <b>Total</b>                              | <b>3,980</b> | <b>4,918</b> |

## 8 Financial assets

| in TCHF                | 31/12/2021   | 31/12/2020   |
|------------------------|--------------|--------------|
| Loans to third parties | 5,974        | 7,642        |
| Loans to shareholders  | 2,290        | 2,330        |
| <b>Total</b>           | <b>8,264</b> | <b>9,972</b> |

### Changes to loans to third parties

The following significant changes to financial assets occurred during the reporting year. The loan to Beelastec Holding AG was increased by TCHF 2,040. Of this amount, TCHF 1,870 (previous year: TCHF 1,500) was written down during the reporting year and TCHF 420 was repaid by Beelastec Holding AG (previous year: TCHF 0). In addition, a loan in the amount of TCHF 120 was amortised, and loans in the amount of TCHF 1,420 were reclassified as current financial assets (previous year: TCHF 0) as they were due in 2022

## 9 Other current liabilities

| in TCHF               | 31/12/2021   | 31/12/2020   |
|-----------------------|--------------|--------------|
| To third parties      | 5,904        | 3,494        |
| Advance rent payments | 3,375        | 2,470        |
| <b>Total</b>          | <b>9,279</b> | <b>5,965</b> |

Current liabilities to third parties include accrued payments on account for heating and ancillary costs in the amount of TCHF 3,636 (previous year: TCHF 2,817) and liabilities for value-added tax of TCHF 880 (previous year: TCHF 0).

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## 10 Provisions

| in TCHF                               | Other provisions | Provision for de-<br>construction and<br>site remediation<br>costs Pratteln | LTIP provisions | Total   |
|---------------------------------------|------------------|---|-----------------|---------|
| Book value at 01/01/2020              | 1,320            | 30,000  | –               | 31,320  |
| Formation                             | 454              | –   | 112             | 566     |
| Use                                   | –                | -10,374   | –               | -10,374 |
| Release                               | -376             | -8,000  | –               | -8,376  |
| Book value at 31/12/2020 / 01/01/2021 | 1,398            | 11,626  | 112             | 13,136  |
| – thereof current                     | 1,398            | 11,626  | –               | 13,024  |
| – thereof non-current                 | –                | –   | 112             | 112     |
| Formation                             | 983              | –   | 965             | 1,948   |
| Use                                   | -373             | -8,988  | –               | -9,361  |
| Release                               | -67              | –   | –               | -67     |
| Book value at 31/12/2021              | 1,941            | 2,638   | 1,077           | 5,656   |
| – thereof current                     | 1,941            | 1,488   | –               | 3,429   |
| – thereof non-current                 | –                | 1,150   | 1,077           | 2,227   |

In connection with the bankruptcy of Rohner AG in Pratteln, HIAG assumed the costs of the demolition of the production infrastructure that the tenant was contractually obligated to pay. In particular, this includes efforts to ensure that the site is free of chemicals. During the reporting year, provisions of TCHF 8,988 were used to carry out this work (previous year: TCHF 10,374). Some of the decontamination work will not be performed until 2023. For this reason, provisions in the amount of TCHF 1,150 were reclassified as non-current provisions.

“Other provisions” covers the risks of additional costs for properties that have been sold and expenditure for holiday entitlement that has not yet been used by employees.

The positive business performance in 2021 resulted in an ROE of 11.1%, thus enabling HIAG to reach the cap (maximum possible distribution amount) of 6.5% according to the LTIP model. As a result, both the LTIP distribution and the LTIP provision were increased in comparison with previous year. In addition, due to better planning a fundamental reassessment of the calculation of the LTIP provision for the cash component was carried out as at 31 December 2021. The calculation of the cash component is now based on the assumption that the goal (ROE of 6.5%) will be achieved for 2021-2024. This change in the estimate resulted in a one-off increase in the LTIP provision of TCHF 587.

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## 11 Financial liabilities

| in TCHF   | 31/12/2021     | 31/12/2020     |
|---|----------------|----------------|
| Current liabilities to banks                              | 1,935          | 35,037         |
| Current lease liabilities                                 | -              | 4,220          |
| Current bonds   | 275,000        | 100,000        |
| Current financial liabilities from interest rate swap     | 639            | -              |
| <b>Total current liabilities</b>                          | <b>277,574</b> | <b>139,257</b> |
| Non-current liabilities to banks                          | 90,160         | 137,429        |
| Non-current bonds   | 425,000        | 540,000        |
| Non-current financial liabilities from interest rate swap | 153            | -              |
| <b>Total non-current liabilities</b>                      | <b>515,313</b> | <b>677,429</b> |
| <b>Total</b>  | <b>792,887</b> | <b>816,686</b> |

Current financial liabilities include liabilities that are due within 12 months. The excess liquidity generated from the successful refinancing of the bond on 1 July 2021 (TCHF 160,000) was used to repay bank liabilities in the amount of TCHF 56,000 as at 2 July 2021.

Non-current financial liabilities include liabilities where the remaining term as at the balance sheet date was more than 12 months.

The gross loan-to-value ratio (liabilities/value of real estate) was 44.5% as at the balance sheet date (previous year: 49.9%), the net loan-to-value ratio ([cash and cash equivalents + financial liabilities]/value of real estate) 39.6% (previous year: 48.7%) and the loan-to-value ratio to market values (bank liabilities/value of real estate) was 5.2% (previous year : 10.2%).

The average interest rate for financial liabilities was 0.8% during the reporting period (previous year: 0.9%).

As a result of the acquisition of K-Buchs S.à.r.l., HIAG concluded derivative financial instruments (interest rate swap hedging) to hedge against interest rate risks. As there is no correlation between the hedging transaction and the underlying transaction, the negative replacement value was recorded as a current TCHF 639 (previous year: TCHF 0) and non-current financial liability TCHF 153 (previous year TCHF 0) resulting from interest rate swap. Ongoing interest payments from the underlying transaction and the hedging transaction are recorded in the financial result.

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## Conditions of financial liabilities as at 01 January 2022

| Item  | Book value in TCHF | Currency | Date due  | Interest rate          |
|---|--------------------|----------|---|------------------------|
| Liabilities to banks                          | 92,095             | CHF      | See 'Due dates in TCHF as at 31/12/2021'            | Between 0.7% and 1.7%  |
| Bonds   | 700,000            | CHF      | See 'Terms and conditions of financial liabilities' | Between 0.75% and 1.0% |
| financial liabilities from interest rate swap | 792                | CHF      | 28/02/2023 with quarterly repayments                | 2.75%                  |
| <b>Total</b>                                  | <b>792,887</b>     |          |   |                        |

## Conditions of financial liabilities as at 01 January 2021

| Position             | Book value in TCHF | Currency | Date due  | 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%                  |
| <b>Total</b>         | <b>816,686</b>     |          |   |                       |

## Terms and conditions of financial liabilities

| Benchmarks      | Bond July 2021                         | Bond May 2019                          | Bond October 2018                      | Bond May 2017                          | Bond July 2016                         |
|-----------------|--|--|--|--|--|
| Amount          | TCHF 160,000                           | TCHF 150,000                           | TCHF 125,000                           | TCHF 150,000                           | TCHF 115,000                           |
| Maturity        | 7 years<br>(01/07/2021<br>-30/06/2028) | 5 years<br>(08/05/2019<br>-08/05/2024) | 4 years<br>(26/10/2018<br>-26/10/2022) | 5 years<br>(30/05/2017<br>-30/05/2022) | 7 years<br>(04/07/2016<br>-04/07/2023) |
| Interest rate   | 0.75%                                  | 0.875%                                 | 1.0%                                   | 0.8%                                   | 1.0%                                   |
| Listing         | SIX Swiss Exchange                     | SIX Swiss Exchange                     | SIX Swiss Exchange                     | SIX Swiss Exchange                     | SIX Swiss Exchange                     |
| Security number | 111,201,158                            | 47,129,798                             | 43,467,844                             | 36,274,830                             | 32,637,142                             |
| ISIN            | CH1112011585                           | CH0471297983                           | CH0434678444                           | CH0362748300                           | CH0326371421                           |

Financial liabilities are recognised and measured at nominal value.



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## Due dates of the liabilities to banks in TCHF as at 31 December 2021

|                 |               |             |
|-----------------|---------------|-------------|
| 2022            | 1,935         | 2%          |
| 2023            | 61,090        | 66%         |
| 2024 and longer | 29,070        | 32%         |
| <b>Total</b>    | <b>92,096</b> | <b>100%</b> |

## Due dates of the liabilities to banks in TCHF as at 31 December 2020

|                 |                |             |
|-----------------|----------------|-------------|
| 2021            | 35,037         | 20%         |
| 2022            | 7,791          | 5%          |
| 2023            | 37,875         | 22%         |
| 2024 and longer | 91,762         | 53%         |
| <b>Total</b>    | <b>172,466</b> | <b>100%</b> |

## Fixed interest rates for bank liabilities in TCHF as at 31 December 2021 (until next interest rate adjustment):

|  |               |             |
|--|---------------|-------------|
| Up to one year including building loan | 63,040        | 68%         |
| 2023                                   | –             | 0%          |
| 2024 and longer                        | 29,055        | 32%         |
| <b>Total</b>                           | <b>92,096</b> | <b>100%</b> |

## Fixed interest rates for bank liabilities in TCHF as at 31. December 2020 (until 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%         |
| <b>Total</b>                           | <b>172,466</b> | <b>100%</b> |

## 12 Accrued expenses and deferred income

| in TCHF                    | 31/12/2021    | 31/12/2020    |
|----------------------------|---------------|---------------|
| Operating expenses         | 4,826         | 4,402         |
| Financing costs            | 3,575         | 3,391         |
| Accruals for investments   | 6,265         | 6,708         |
| Personnel-related accruals | 1,520         | 1,665         |
| Other                      | 443           | 231           |
| <b>Total</b>               | <b>16,629</b> | <b>16,396</b> |

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## 13 Employee benefits

The employees of the HIAG Group benefit from funds provided by a pension fund. These pension funds are set up as financially independent foundations. The pension fund "HIAG Pensionskasse" is financed by employee and employer contributions, and the discretionary "Wohlfahrtsfonds" schemes of the HIAG Group are financed exclusively by employer contributions. Benefits are allocated in accordance with the contributions paid into the fund or the payments made by the corresponding insurance carrier (defined contribution). This does not result in any economic benefit or economic obligation for the Group companies. There is no intention to obtain any future economic benefit from the unrestricted reserves.

As at 31 December 2021

| in TCHF                        | Nominal value | Renounced use | Balance sheet | Formation | Balance sheet | Result from ECR <sup>1</sup><br>in personnel expenses |      |
|--------------------------------|---------------|---------------|---------------|-----------|---------------|---|------|
|                                | 31/12/2021    | 31/12/2021    | 31/12/2021    | 2021      | 31/12/2020    | 2021  | 2020 |
| Patronage pension institutions | -             | -             | -             | -         | -             | -   | -    |
| Pension institution            | -             | -             | -             | -         | -             | -   | -    |
| <b>Total</b>                   | -             | -             | -             | -         | -             | -   | -    |

| in TCHF                        | Surplus/ deficit coverage | Economical part of the organisation | Change/effect on income in financial year | Contributions for the period | Pension expenses in the period |
|--------------------------------|---------------------------|-------------------------------------|---|------------------------------|--------------------------------|
|                                | 31/12/2021                | 31/12/2021                          | 2021                                      | 2021                         | 2021                           |
| Patronage pension institutions | -                         | -                                   | -   | -                            | -                              |
| Pension institution            | 10,714                    | -                                   | -   | -                            | 801                            |
| <b>Total</b>                   | 10,714                    | -                                   | -   | -                            | 801                            |

As at 31 December 2020

| in TCHF                        | Nominal value | Renounced use | Balance sheet | Formation | Balance sheet | Result from ECR <sup>1</sup><br>in personnel expenses |      |
|--------------------------------|---------------|---------------|---------------|-----------|---------------|---|------|
|                                | 31/12/2020    | 31/12/2020    | 31/12/2020    | 2020      | 31/12/2019    | 2020  | 2019 |
| Patronage pension institutions | -             | -             | -             | -         | -             | -   | 365  |
| Pension institution            | -             | -             | -             | -         | -             | -   | -    |
| <b>Total</b>                   | -             | -             | -             | -         | -             | -   | 365  |

| in TCHF                        | Surplus/ deficit coverage | Economical part of the organisation | Change/effect on income in financial year | Contributions for the period | Pension expenses in the period |
|--------------------------------|---------------------------|-------------------------------------|---|------------------------------|--------------------------------|
|                                | 31/12/2020                | 31/12/2020                          | 2020                                      | 2020                         | 2020                           |
| Patronage pension institutions | -                         | -                                   | -   | -                            | -                              |
| Pension institution            | 9,338                     | -                                   | -   | -                            | 959                            |
| <b>Total</b>                   | 9,338                     | -                                   | -   | -                            | 959                            |

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## 14 Property Income

| in TCHF   | 2021          | 2020          |
|---|---------------|---------------|
| Property income   | 62,280        | 59,117        |
| Proceeds from the sale of electricity generated by the Group's power plants | 627           | 851           |
| Revenue reductions  | 235           | -230          |
| - thereof agreed rent reductions Covid-19                                   | -             | -121          |
| - thereof expected rent reductions Covid-19                                 | -73           | -164          |
| - thereof release/-formation of bad debt allowances and losses              | 308           | 55            |
| <b>Total</b>  | <b>63,142</b> | <b>59,738</b> |

### Most significant tenants

As of the balance sheet date, HIAG's five most significant tenants measured in terms of annualised property income are (in alphabetical order): Amcor Flexibles Rorschach AG, C&A Mode AG, Doka Schweiz AG, Hewlett-Packard International Sàrl HPE and Sieber Transport AG. During the previous year, the following were the most significant tenants (in alphabetical order): Amcor Flexibles Rorschach AG, Doka Schweiz AG, Hewlett-Packard International Sàrl HPE, OTTO's AG, Sieber Transport AG.

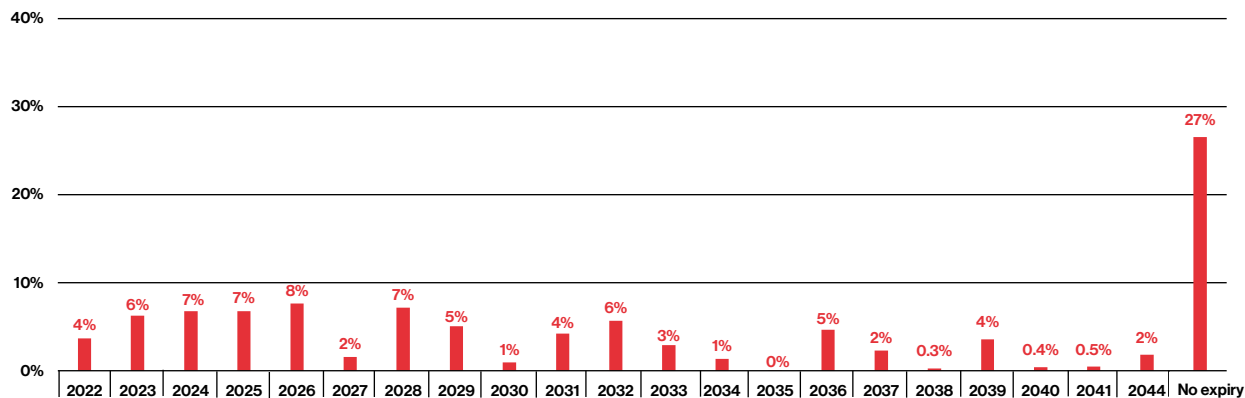
| Share of annualised property income represented by (%): | 2021 | 2020 |
|---|------|------|
| The largest tenant                                      | 5%   | 5%   |
| The three largest tenants                               | 13%  | 13%  |
| The five largest tenants                                | 20%  | 18%  |
| The ten largest tenants                                 | 34%  | 32%  |

# Consolidated Financial Statements

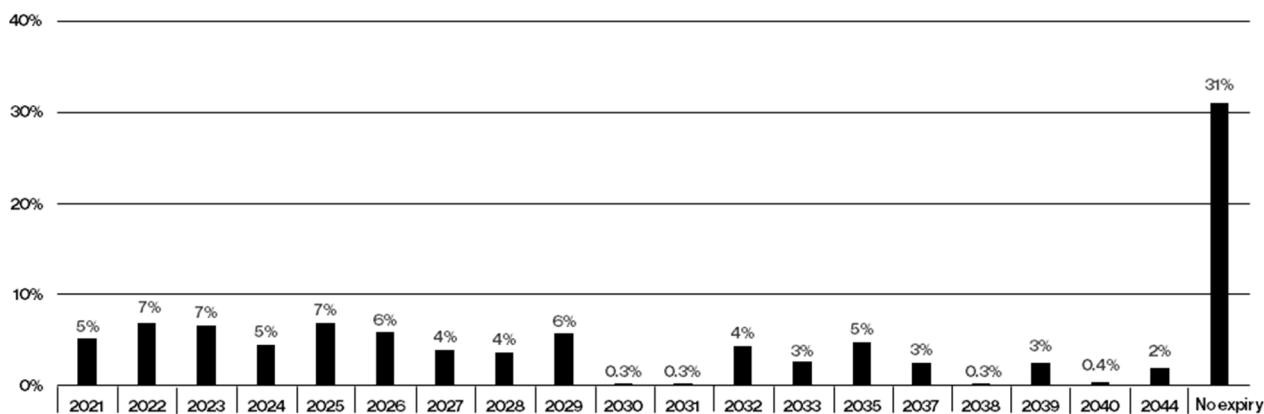
## Expiry of rental agreements

The overview of expiry of rental agreements shows when the agreements can be terminated at the earliest.

Overview of expiry profile of rental agreements as at 31 December 2021



Overview of expiry profile of rental agreements as at 31 December 2020



# Consolidated Financial Statements

## Annualised property income by property use<sup>1</sup>

| in TCHF                 | 31/12/2021    |               | 31/12/2020    |               |
|-------------------------|---------------|---------------|---------------|---------------|
| Industry, Commercial    | 26,324        | 41.7%         | 24,764        | 41.2%         |
| Distribution, Logistics | 11,469        | 18.2%         | 8,472         | 14.1%         |
| Office                  | 7,719         | 12.2%         | 8,390         | 14.0%         |
| Residential             | 6,965         | 11.0%         | 8,014         | 13.3%         |
| Retail                  | 6,007         | 9.5%          | 5,733         | 9.5%          |
| Residential, Commercial | 4,077         | 6.5%          | 4,031         | 6.7%          |
| Building land           | 485           | 0.8%          | 457           | 0.8%          |
| Other                   | 40            | 0.1%          | 177           | 0.4%          |
| <b>Total</b>            | <b>63,086</b> | <b>100.0%</b> | <b>60,038</b> | <b>100.0%</b> |

<sup>1</sup> The type of use is based on the main use of the properties.

## Annualised property income by canton

| in TCHF          | 31/12/2021    |               | 31/12/2020    |               |
|------------------|---------------|---------------|---------------|---------------|
| Aargau           | 19,539        | 31.0%         | 17,775        | 29.6%         |
| Zurich           | 14,991        | 23.8%         | 14,548        | 24.2%         |
| Geneva           | 6,194         | 9.8%          | 6,125         | 10.2%         |
| Solothurn        | 5,272         | 8.4%          | 4,799         | 8.0%          |
| Basel-Landschaft | 5,210         | 8.3%          | 4,767         | 7.9%          |
| Zug              | 3,124         | 5.0%          | 3,156         | 5.3%          |
| St. Gallen       | 3,086         | 4.9%          | 2,910         | 4.8%          |
| Other            | 5,670         | 8.8%          | 5,958         | 10.0%         |
| <b>Total</b>     | <b>63,086</b> | <b>100.0%</b> | <b>60,038</b> | <b>100.0%</b> |

## Vacancy rate

| Vacancy rate in %      | 31/12/2021   | 31/12/2020   |
|------------------------|--------------|--------------|
| Yielding properties    | 9.6%         | 13.0%        |
| Development properties | 15.7%        | 13.7%        |
| <b>Total portfolio</b> | <b>10.7%</b> | <b>13.2%</b> |

# Consolidated Financial Statements

## 15 Revaluation of properties

| in TCHF                            | 2021   | 2020   |
|------------------------------------|--------|--------|
| Revaluation yielding properties    | 39,900 | 9,658  |
| Revaluation development properties | 20,623 | 17,344 |
| Total                              | 60,523 | 27,002 |

The most significant net changes in value to the yielding portfolio (taking account of environmental risks) was experienced by the properties in Brunegg (TCHF 7,731), Buchs (TCHF 6,787), Cham (TCHF 6,193), Birsfelden (TCHF -1,596) and Meyrin (TCHF -1,299). In the development portfolio, the most significant net changes in value were experienced by the properties in Cham (TCHF 7,786), Altstetten (TCHF 6,952), Winterthur (TCHF 2,700), Solothurn (TCHF 1,807), Frauenfeld (TCHF -1,397) and Vernier (TCHF -1,363).

The weighted market discount rate (net, real) fell slightly to 3.54% as at 31 December 2021 (previous year: 3.73%).

Of a total of 113 properties valued at market values, 68 experienced positive market value adjustments during the reporting period, 43 properties were affected by negative value properties and two properties experienced no change in value.

The property, which is included in current assets, is valued at its acquisition cost.

## 16 Profit and direct expenses from the sale of investment properties and properties for sale

| in TCHF   | 2021    | 2020    |
|---|---------|---------|
| Profit from sale of investment properties                     | 16,543  | 4,905   |
| - Income from sale of investment properties                   | 80,171  | 32,000  |
| - Derecognition of last market value of investment properties | -62,437 | -27,090 |
| - Direct expenses from sale of investment properties          | -1,191  | -5      |

The following properties were sold from "Investment properties" during the reporting year:

- Aathal, Zürichstrasse 66–80, 50–62/192
- Aathal, Zürichstrasse 34 (Baumwollmagazin)
- Wetzikon, Grundstrasse 6–10
- Wetzikon, Schulhausstrasse 42-44
- Biberist, Herrenweg 1–7 / Derendingerstrasse
- Basel, Rosenthalstrasse 27
- Bremgarten, Luzernerstrasse 48–50
- Windisch, Kunzareal, Parkplätze
- Aigle, Route Industrielle 18 (Orlons)

In the previous year, a property at the site in St. Margrethen was sold to Stadler Rail AG.

| in TCHF                                      | 2021 | 2020   |
|--|------|--------|
| Profit from "properties for sale"            | -    | 1,427  |
| - Income from "properties for sale"          | -    | 10,560 |
| - Direct expenses from "properties for sale" | -    | -9,133 |

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During the reporting year, no “Properties for sale” were sold. In the previous year, the remaining six out of a total of eight loft residences at the Walzmühle site in Frauenfeld (canton Thurgau) were sold.

## 17 Other operating income

| in TCHF                             | 2021          | 2020          |
|-------------------------------------|---------------|---------------|
| Services rendered to third parties  | 181           | 698           |
| Income from metal recycling         | 10,521        | 5,879         |
| Other operating income <sup>1</sup> | 3,412         | 5,955         |
| <b>Total</b>                        | <b>14,114</b> | <b>12,531</b> |

<sup>1</sup> Other operating income for 2020 includes income from cloud services in the amount of TCHF 93.

The item “Income from metal recycling” includes income from Jaeger et Bosshard SA.

The item “Other operating income” includes income from the sale of a production site in Pratteln in the amount of TCHF 2,665 (previous year: TCHF 5,011) and other sales of equipment in Biberist in the amount of TCHF 188 (previous year: TCHF 80).

## 18 Personnel expenses

| 2021 in TCHF                  | Real estate       | Pratteln site | Jaeger et Bosshard SA | Total          |
|-------------------------------|-------------------|---------------|-----------------------|----------------|
| Salaries and wages            | -9,587            | -930          | -931                  | -11,448        |
| Social security contributions | -1,467            | -73           | -182                  | -1,722         |
| Other personnel expenses      | -682 <sup>1</sup> | -2            | -91                   | -775           |
| <b>Total</b>                  | <b>-11,736</b>    | <b>-1,005</b> | <b>-1,204</b>         | <b>-13,945</b> |

<sup>1</sup> Thereof discount of TCHF 236 on the sale of HIAG Immobilien Holding AG shares for HIAG Group employees

| 2020 in TCHF                  | Real estate       | Pratteln site | Cloud services | Jaeger et Bosshard SA | Total          |
|-------------------------------|-------------------|---------------|----------------|-----------------------|----------------|
| Salaries and wages            | -8,919            | -2,405        | -1,594         | -928                  | -13,846        |
| Social security contributions | -1,164            | -343          | -291           | -187                  | -1,986         |
| Other personnel expenses      | -478 <sup>1</sup> | -42           | -55            | -72                   | -647           |
| <b>Total</b>                  | <b>-10,561</b>    | <b>-2,790</b> | <b>-1,940</b>  | <b>-1,187</b>         | <b>-16,479</b> |

<sup>1</sup> Thereof discount of TCHF 158 on the sale of HIAG Immobilien Holding AG shares for HIAG Group employees

| 31/12/2021          | Real estate | Pratteln site | Jaeger et Bosshard SA <sup>1</sup> | Total |
|---------------------|-------------|---------------|------------------------------------|-------|
| Employee headcount  | 63          | 3             | 11                                 | 77    |
| Full-time employees | 57.6        | 3.0           | 11.0                               | 71.6  |

<sup>1</sup> Reported in the segment “other”

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| 31/12/2020          | Real estate | Pratteln site | Jaeger et Bosshard SA <sup>1</sup> | Total |
|---------------------|-------------|---------------|------------------------------------|-------|
| Employee headcount  | 58          | 15            | 12                                 | 85    |
| Full-time employees | 51.0        | 14.3          | 12.0                               | 77.3  |

<sup>1</sup> Reported in the segment "other"

## 19 Share-based compensation

The "Long-Term-Incentive-Plan" (LTIP) links the compensation of senior management to the long-term value-added goals of the HIAG Group, and in doing so aligns the long-term interests of key employees and shareholders.

The term of the LTIP is five years (2020–2024). It is based on the return on equity (ROE) and allows plan participants to take part in an "excess return" based on a defined threshold. This metric is the same for all plan participants.

Benefits under the LTIP fall due if shareholders receive an ROE that is at least equal to the threshold. In the first year of the plan, this amount is 4.0% and in years 2 to 5 it is 5.5%.

Each year, 50% of the LTIP is allocated in the form of blocked plan participant shares. The average ROE reached at the end of the respective year is used as the basis for the calculation. The plan participant shares accrued by the plan participants are acquired by the employer in the following financial year for the account of the plan participants, taken from the company's own shares or created from conditional capital and entered in a register defined by the employer. The closing price on the day of allocation of the shares is authoritative. The shares are acquired by plan participants with a blocking period of five years from the date of acquisition. Plan participant shares are allocated to plan participants with a discount of 25.274%.

The other half of the incentive comprises a payment in cash. This cash component is paid out in full only if the plan participant's employment relationship has not been terminated as of 31 March 2025.

The final accounting of the plan will take place in the first half of 2025.

The personnel expense associated with the LTIP results in a charge of TCHF 1,560 (previous year: TCHF 674) in the Consolidated Financial Statements, with TCHF 965 (previous year: TCHF 112) for the cash component (provision as an offsetting item) and TCHF 595 (previous year: TCHF 562) for the share component (equity as an offsetting item).

## 20 Maintenance and repairs

| in TCHF                                     | 2021   | 2020   |
|---|--------|--------|
| Maintenance and repairs                     | -6,218 | 242    |
| – thereof real estate (excl. Pratteln site) | -5,749 | -5,571 |
| – thereof Jaeger et Bosshard SA             | -330   | -350   |
| – thereof Pratteln site                     | -132   | 6,987  |
| – thereof cloud services                    | -7     | -823   |

The ordinary expenses for maintenance and repairs for the site in Pratteln amount to TCHF 132 in the reporting year (previous year: TCHF 1,023). In the previous year, a



# Consolidated Financial Statements

provision connected with the demolition of the Rohner site in Pratteln in the amount of TCHF 8,000 was released.

## 21 Energy and service charges

| in TCHF   | 2021 | 2020   |
|---|------|--------|
| Energy costs and building maintenance           | -910 | -4,360 |
| - thereof Pratteln site in deconstruction phase | 356  | -2,497 |

The positive amount (TCHF 356) for the Pratteln site is the result of the reversal of accrued income. This was set at a higher amount in the previous year than the actual costs.

## 22 Financial result

| in TCHF                             | 2021         | 2020       |
|-------------------------------------|--------------|------------|
| Exchange rate gains                 | 1            | 2          |
| Other financial income <sup>1</sup> | 1,027        | 966        |
| <b>Total financial income</b>       | <b>1,028</b> | <b>968</b> |

| in TCHF                                     | 2021           | 2020          |
|---|----------------|---------------|
| Interest expenses from bank financing       | -1,365         | -1,407        |
| Interest expenses bond                      | -6,023         | -5,913        |
| Bank fees and bank interest                 | -269           | -177          |
| Exchange rate losses                        | -73            | -18           |
| Impairment of financial assets <sup>2</sup> | -1,867         | -1,551        |
| Other capital expenditure <sup>3</sup>      | -584           | -494          |
| <b>Total financial expenses</b>             | <b>-10,180</b> | <b>-9,560</b> |

<sup>1</sup> Thereof 580 TCHF are attributable to the purchase price adjustment of Jaeger et Bosshard SA.

<sup>2</sup> Refer to the explanation in note 8.

<sup>3</sup> In 2021, includes pro-rated issuing costs for bonds in the amount of TCHF 416, which are amortised over the term of the bonds in the Income Statement (previous year: TCHF 410).

As part of the acquisition of Jaeger et Bosshard SA in 2019, a purchase price adjustment agreement was concluded with the former owner that stipulated that the actual cumulative results generated for 2019 to 2023 would reach a target amount defined in advance. Current estimates show that the defined amount will be exceeded for the entire period. As a result, in the previous year, a non-current receivable in the amount of TCHF 560 was capitalised and recorded in financial income under "Other financial income". During the reporting period, this amount was increased by TCHF 580 due to the good business performance of Jaeger et Bosshard SA.

The average interest rate for financial liabilities was 0.8% during the reporting period (previous year: 0.9%). Interest rates ranged from 0.7% to 1.7% (previous year: between 0.5% and 2.9%). Interest on construction loans for development projects amounting to TCHF 62 was capitalised (previous year: TCHF 48).

The item "Impairment of financial assets" includes the impairment of the loan "Beelastec Holding AG in Liquidation" in the amount of TCHF 1,867 (previous year: TCHF 1,551). The full loan amount for the unsecured portion was fully impaired during the reporting year, as repayment by the borrower, which has declared bankruptcy, is unlikely.

# Consolidated Financial Statements

## 23 Taxes

### 23.1 Income taxes

| in TCHF   | 2021           | 2020          |
|---|----------------|---------------|
| Current taxes   | -10,563        | -1,909        |
| Deferred taxes  | -5,429         | -4,403        |
| Capitalisation of tax losses carried forward              | 1              | 707           |
| Use/dissolution of capitalised tax losses carried forward | -718           | -502          |
| <b>Total</b>  | <b>-16,708</b> | <b>-6,107</b> |

The average tax rate, which was calculated based on ordinary earnings, amounted to 12.4% in the reporting year (previous year: 12.3%). The positive tax effect from the use of unrecognised tax loss carryforwards amounted to TCHF 679 in 2021 (previous year: TCHF 0).

### 23.2 Tax liabilities

| in TCHF  | 31/12/2021   | 31/12/2020   |
|--|--------------|--------------|
| Tax liabilities as at 01.01.                     | 1,715        | 315          |
| Net formation recognised through profit and loss | 2,568        | 1,400        |
| <b>Total</b>                                     | <b>4,283</b> | <b>1,715</b> |

### 23.3 Deferred tax provisions and liabilities

| in TCHF  | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Deferred tax liabilities as at 01.01.          | 73,131     | 68,728     |
| Changes in the scope of consolidation          | 2,525      | -          |
| Net increase recognised through profit or loss | 5,429      | 4,403      |
| Deferred tax liabilities as at 31.12.          | 81,084     | 73,131     |

During the reporting period, TCHF 5,429 in provisions for deferred taxes affecting income were formed (previous year: TCHF 4,403). The formation of the provision in the reporting year was connected mainly with the positive change in value as a result of the revaluation of investment properties.

| in TCHF                            | 31/12/2021 | 31/12/2020 |
|------------------------------------|------------|------------|
| Capitalised losses carried forward | 1          | 718        |
| <b>Total</b>                       | <b>1</b>   | <b>718</b> |

No loss carryforwards were capitalised in the reporting year (previous year: TCHF 707). The capitalised loss carryforwards from previous years were used in 2021 by the ordinary profit from HIAG Immobilien AG and Promo-Praille SA in the amount of TCHF 679, and TCHF 39 was released without being used.

As at the reporting date, the companies belonging to the Group disposed of non-capitalised loss carryforwards totalling TCHF 243,003 (previous year: TCHF 231,783). As at 31 December 2021, the potential tax reduction as a result of non-capitalised loss carryforwards amounted to TCHF 39,433 (previous year: TCHF 37,644). From the current perspective, this potential tax reduction is not sustainable.

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## 24 Unrecognised lease liabilities

Unrecognised lease liabilities as a result of operating leases are divided by expiry date as follows :

| in TCHF               | 31/12/2021 | 31/12/2020 |
|-----------------------|------------|------------|
| Up to 1 year          | 506        | 700        |
| Between 2 and 4 years | 1,469      | 1,418      |
| Over 5 years          | 508        | 965        |
| Total                 | 2,483      | 3,083      |

The unrecognised lease liabilities as a result of operating leases are connected with the rental agreements for HIAG offices in Basel, Zurich and Geneva.

## 25 Shareholders' equity

| Composition of share capital in CHF                        | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Registered shares as at 31 December (nominal value: CHF 1) | 10,119,600 | 8,433,000  |
| Total  | 10,119,600 | 8,433,000  |

As at 31 December 2021, share capital consisted of 10,119,600 registered shares at a nominal value CHF 1.00 per share (previous year: 8,433,000 registered shares). Each share entitles the holder to one vote.

Pursuant to Article 3a of the Articles of Incorporation, the Board of Directors is authorised to increase the company's share capital by a maximum of TCHF 1,217 to 19 April 2022, and pursuant to Article 3c of the Articles of Incorporation amended following the capital increase by a maximum of TCHF 13 to 29 September 2023.

As at 31 December 2021, conditional share capital amounted to TCHF 350 (previous year: TCHF 350).

| Earnings and shareholders' equity (NAV) per share<br>in TCHF excluding earnings per share | 01/01-31/12/2021 | 01/01-31/12/2020 |
|---|------------------|------------------|
| Net income  | 89,263           | 55,159           |
| Time-weighted average number of shares outstanding  | 8,592,296        | 8,091,020        |
| Number of shares outstanding as at balance sheet date                                     | 10,085,833       | 8,390,058        |
| Earnings per average outstanding registered share   | 10.39            | 6.82             |
| Undiluted earnings per share  | 10.39            | 6.82             |
| Diluted earnings per share  | 10.39            | 6.82             |

| in TCHF  | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Shareholders' equity (NAV) before deferred taxes | 1,070,083  | 834,253    |
| Shareholders' equity (NAV) after deferred taxes  | 988,999    | 761,122    |

| in CHF   | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Shareholders' equity (NAV) per outstanding registered share, before deferred taxes | 106.10     | 99.43      |
| Shareholders' equity (NAV) per outstanding registered share, after deferred taxes  | 98.06      | 90.72      |

As at 31 December 2021, there were no dilutive effects.

# Consolidated Financial Statements

## 26 Significant shareholders

| Share of voting rights                   | 31/12/ 2021 | 31/12/2020 |
|--|-------------|------------|
| Shareholder group comprising:            | 54.4%       | 62.9%      |
| SFAG Holding AG                          |             |            |
| Dr. Felix Grisard                        |             |            |
| HIAG Beteiligung Holding AG <sup>1</sup> |             |            |
| Grisgros AG <sup>2</sup>                 |             |            |
| Senft AG <sup>3</sup>                    |             |            |
| UBS Fund Management CH AG                | 3.8%        | 2.5%       |

<sup>1</sup> HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard.

<sup>2</sup> Grisgros AG is controlled by Andrea Grisard.

<sup>3</sup> Senft AG is controlled by Salome Grisard Varnholt.

The members of this shareholder group concluded a shareholders' agreement for the shares of SFAG Holding AG on 14 April 2014. With a shareholding of 43.8%, SFAG Holding AG is the main shareholder (previous year: 48.1%) of HIAG Immobilien Holding AG. As a result of the conclusion of this shareholders' agreement, the shareholders of SFAG Holding AG and SFAG Holding AG formed a group pursuant to Article 121 of the Financial Markets Infrastructure Act (FMIA).

### Shares held by current members of the executive and supervisory board

|  | 31/12/2021     | 31/12/2020     |
|--|----------------|----------------|
| Dr. Felix Grisard, President of the Board of Directors <sup>1</sup>    | -              | 184,593        |
| HIAG Beteiligung Holding AG <sup>2</sup>                               | 410,000        | 395,000        |
| Senft AG <sup>3</sup>  | 282,896        | 282,896        |
| Balz Halter, Member of the Board of Directors                          | 8,418          | 8,418          |
| Dr. Jvo Grundler, Member of the Board of Directors and Executive Board | 47,402         | 47,085         |
| Dr. Walter Jakob, Member of the Board of Directors until 22/04/2021    | -              | 2,500          |
| Marco Feusi, CEO   | 20,022         | 5,572          |
| Rico Müller, CFO since 01/09/2021                                      | 364            | -              |
| Laurent Spindler, CFO until 31/08/2021                                 | -              | 6,784          |
| <b>Total</b>   | <b>769,102</b> | <b>932,848</b> |

<sup>1</sup> In April 2021, Dr Felix Grisard sold 184,593 shares of SFAG Holding AG. Dr Felix Grisard and Salome Grisard Varnholt are shareholders on the Board of Directors of SFAG Holding AG, which holds 4,432,771 shares in HIAG Immobilien Holding AG (previous year: 4,058,704). With a shareholding of 43.8%, SFAG Holding AG is the main shareholder of HIAG Immobilien Holding AG (previous year: 48.1%). Dr Felix Grisard and Salome Grisard Varnholt jointly hold two-thirds of the shares of SFAG Holding AG directly and indirectly.

<sup>2</sup> HIAG Beteiligung Holding AG is controlled by Dr Felix Grisard.

<sup>3</sup> Senft AG is controlled by Salome Grisard Varnholt.

## 27 Treasury shares

| TCHF except for number of shares | 31/12/2021 | Number of shares | 31/12/2020 | Number of shares |
|----------------------------------|------------|------------------|------------|------------------|
| Book value as at 01.01.          | 5,211      | 42,942           | 6,081      | 49,915           |
| Allocation                       | -1,142     | -9,175           | -870       | -6,973           |
| Book value as at 31.12.          | 4,069      | 33,767           | 5,211      | 42,942           |

# Consolidated Financial Statements

No treasury shares of HIAG Immobilien Holding AG. were purchased by the company during the reporting year. As part of the employee participation programme and the Long-Term Incentive Plan (LTIP), 9,175 shares were allocated to employees. Because the sale and the allocation were carried out less the permitted employee discount a loss of TCHF 211 (previous year: TCHF 246) was incurred and booked against the statutory capital reserves.

The average transaction price of the shares allocated in the reporting year amounted to CHF 101.55 (previous year: CHF 89.48).

## 28 Other pledged assets

As at 31 December 2021, rental deposits in the amount of TCHF 124 (previous year: TCHF 104) were pledged. All rental deposits in connection with office space were repaid in 2021 following expiry of the lease (previous year: TCHF 164).

## 29 Assets assigned to secure own liabilities

| in TCHF                       | 31/12/2021   | 31/12/2020   |
|-------------------------------|--------------|--------------|
| Other current receivables     | 1,358        | 1,522        |
| Other current non-receivables | 300          | 300          |
| <b>Total</b>                  | <b>1,658</b> | <b>1,822</b> |

During the reporting year, the rental deposit account in connection with the offices in Wallisellen in the amount of TCHF 164 were closed following expiry of the lease.

## 30 Contingent liabilities and other obligations not recognised in the balance sheet

| in TCHF                     | 31/12/2021    | 31/12/2020    |
|-----------------------------|---------------|---------------|
| Guarantees to third parties | 30,501        | 30,501        |
| <b>Total</b>                | <b>30,501</b> | <b>30,501</b> |

The contingent liabilities involve primarily a guarantee in connection with the dissolved Cloud segment.

# Consolidated Financial Statements

## 31 Treatment of goodwill and badwill

### 31.1 Goodwill

Goodwill is offset against retained earnings when it occurs. Such goodwill occurred with the acquisition of the subsidiary Jaeger et Bosshard SA in May 2019 in the amount of TCHF 6,592. The impact of theoretical goodwill capitalisation with a subsequent depreciation over a useful life of five years on shareholders' equity and net income is presented below.

#### Impact of a theoretical capitalisation of goodwill on the balance sheet:

| in TCHF   | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| Reported shareholders' equity   | 988,999    | 761,122    |
| Equity ratio  | 52.0%      | 45.0%      |
| <b>Acquisition value of goodwill</b>                                  |            |            |
| As at the beginning of the financial year                             | 7,838      | 7,838      |
| Additions   | -          | -          |
| As at the end of the financial year                                   | 7,838      | 7,838      |
| <b>Accumulated amortisation</b>                                       |            |            |
| As at the beginning of the financial year                             | 3,245      | 1,932      |
| Amortisations for the current year                                    | 1,312      | 1,312      |
| As at the end of the financial year                                   | 4,557      | 3,245      |
| Theoretical net book value of goodwill                                | 3,281      | 4,593      |
| Theoretical shareholders' equity including net book value of goodwill | 992,280    | 765,715    |
| Theoretical equity ratio  | 52.1%      | 45.3%      |

#### Impact of a theoretical capitalisation of goodwill on net income:

| in TCHF                                   | 2021   | 2020   |
|---|--------|--------|
| Net income                                | 89,263 | 55,159 |
| Theoretical amortisation of goodwill      | -1,312 | -1,312 |
| Net income after amortisation of goodwill | 87,951 | 53,847 |

# Consolidated Financial Statements

## 31.2 Badwill

Badwill is offset against retained earnings when it occurs. Such badwill occurred with the acquisition of the subsidiary K-Buchs S.à.r.l. in April 2021 in the amount of TCHF 987. The impact of a theoretical recognition of badwill as a liability with a subsequent release over a useful life of five years on shareholders' equity and net income is presented below.

### Impact of a theoretical recognition of badwill as a liability on the balance sheet:

| in TCHF   | 31/12/2021     |
|---|----------------|
| Reported shareholders' equity   | 988,999        |
| Equity ratio  | 52.0%          |
| <b>Acquisition value of badwill</b>   |                |
| As at the beginning of the financial year                                   | -              |
| Additions   | 987            |
| As at the end of the financial year   | 987            |
| <b>Accumulated dissolutions</b>   |                |
| As at the beginning of the financial year                                   | -              |
| Dissolutions for the current year   | 132            |
| As at the end of the financial year   | 132            |
| <b>Theoretical net book value of badwill</b>                                | <b>855</b>     |
| <b>Theoretical shareholders' equity including net book value of badwill</b> | <b>988,144</b> |
| <b>Theoretical equity ratio</b>   | <b>51.9%</b>   |

### Impact of a theoretical release of badwill on net income:

| in TCHF  | 2021          |
|--|---------------|
| Net income                                     | 89,263        |
| Theoretical dissolution of badwill             | 132           |
| <b>Net income after attribution of badwill</b> | <b>89,395</b> |

# 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, 11 March 2022

## 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 87 to 124 and 128 to 131), for the year ended 31 December 2021.



### 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 2021 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



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## 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 2021, Real estate properties (incl. environmental risks) recognized in the company's consolidated balance sheet amounted to a total of kCHF 1'752'318, representing 92% 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 4 "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.

# Report of the Statutory Auditor on the Consolidated Financial Statements



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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 of the properties and the values applicable for tax purposes. As at 31 December 2021, they amounted to kCHF 81'084. 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 23 "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