



Investment Guidelines of the HIAG Immobilien Group

1. Introduction

The following Investment Guidelines form the basis of investment and divestment decisions made by HIAG Immobilien Holding AG as well as by subsidiary companies held directly and indirectly by it (jointly referred to as the “HIAG Immobilien Group”) and set out the financing criteria of the HIAG Immobilien Group.

2. Real estate portfolio

The real estate portfolio of the HIAG Immobilien Group consists of both existing and development properties with an extensive project pipeline. The Group’s infrastructurally well-connected sites are largely located in forward-looking growth regions along Switzerland’s main arterial routes. High-yielding commercial, office and logistics real estate are the prime focus, as are selected residential properties in key economic regions in German and French-speaking Switzerland. The existing portfolio is broadly diversified in terms of geography, segments of usage, and tenant structure.

3. Business model

The HIAG Immobilien Group pursues an integrated business model that covers the entire life cycle of a property. At the core of the HIAG Immobilien Group’s business model are sustainable site and project development, active portfolio and asset management plus the chiefly independent management, administration and rental of real estate. With the focus on creating value over generations, the real estate portfolio is continually optimised through purchases and sales within the value chain. The HIAG Immobilien Group’s business model comprises existing properties generating stable income from long-term rentals (commercial premises and selected residential properties) as well as a sizeable development portfolio with corresponding capital growth and yield potential.

4. Investment policy

The HIAG Immobilien Group can invest in existing and development properties already held, acquire other existing and development properties to complement organic growth as well as optimise the quality of the real estate portfolio, and it can make investments in installations for the production of electricity from renewable energy.

Existing properties are:

- residential and commercial properties acquired or self-developed as long-term investment properties for the purpose of achieving an attractive return.

Development properties are:

- undeveloped or developed properties with high upside potential and which can be kept or acquired for the purpose of developing or rounding off the HIAG portfolio or selling self-developed promotional property;
- properties with a high vacancy rate and/or structural defects and/or with no contemporary use which were acquired or kept for development purposes or repositioning.

Installations for the production of electricity from renewable energy are:

- photovoltaic installations on the roofs and facades of properties of the HIAG Immobilien Group;
- hydropower installations at the sites of the HIAG Immobilien Group.

The HIAG Immobilien Group may divest existing and development properties in order to optimise the quality of the real estate portfolio and ensure the financial flexibility of the HIAG Immobilien Group.

The following may be divested:

- non-strategic properties as part of efforts to continually optimise the portfolio;
- properties whose upside potential has been exhausted;
- completed promotional properties.

The key criteria for investment and divestment decisions are:

- the relevant market and its potential;
- site quality and its development;
- property quality and exploitability (condition, standard);
- occupancy, tenant structure, creditworthiness of tenants and their development potential;
- management and maintenance costs;
- compliance with the ESG goals (principals, etc.) of the HIAG Immobilien Group;
- yield, cash flow and upside potential.

Investment and divestment decisions for the portfolio are based on broad diversification in terms of geography, segments of usage, and tenant structure, as well as long-term qualitative growth and high overall probability. The HIAG Immobilien Group focuses on properties in core and forward-looking growth regions in Switzerland. The HIAG Immobilien Group does not make investments outside Switzerland.

Properties may be acquired by means of asset deals, sale-and-leaseback transactions or share deals and also as a contribution in kind against shares of HIAG Immobilien Holding AG.

Properties earmarked for acquisition are subjected to extensive due diligence. Potential ecological risks are subjected to an environmental due diligence analysis, evaluated and factored into the purchase price. In the case of a share deal, financial and tax due diligence is also carried out.

An external real estate expert is consulted to provide a property evaluation as part of the due diligence process.

5. Financing

The HIAG Immobilien Group is financed with a balanced mix of debt and equity. Consolidated equity should be in the vicinity of 50% and amount to at least 40% of total assets.

The loan-to-value (LTV) ratio should be below 50%, but it may be temporarily increased to a maximum of 60% to seize opportunistic purchase opportunities. Debt is solidly structured with mortgage-secured bank loans and corporate bonds. The ratio of bank loans to corporate bonds is based on the HIAG Immobilien Group's business financing strategy.

6. Compliance with and amendments to the Investment Guidelines

At the request of the Executive Board, investment and divestment decisions are taken by the Investment Committee or by the full Board of Directors, depending on the transaction volume.

The Investment Guidelines may be amended or expanded by the Board of Directors of HIAG Immobilien Holding AG in accordance with the purpose of the company as laid down in the Articles of Incorporation. Amendments must be made known to investors in a media release at least one month prior to entry into force.

The present Investment Guidelines were approved by the Board of Directors on 4 October 2021 and enter into force on 5 November 2021. They apply to all companies of the HIAG Immobilien Group and were approved by the Boards of Directors of these companies.

7. Publication

The Investment Guidelines are published on the HIAG company website under investors/corporate-governance/further-information. (<https://www.hiag.com/en/investors/corporate-governance/further-information/>)

Basel, 4 October 2021

HIAG Immobilien Holding AG