



Annual report 2021

**Great Place to Work®**

Great Place to Work®, a leading international expert in workplace culture, again conducted an extensive culture audit including an employee survey in 2021.

**EPRA reporting**

Since 2000, PSP Swiss Property is a member of EPRA (European Public Real Estate Association). Domiciled in Brussels, EPRA was founded in 1999. It is a non-profit organisation promoting and supporting the European public real estate industry. We apply EPRA's Best Practices Recommendations in the disclosure of our performance measures and in sustainability reporting.

www.psp.info

Further publications and information are available on www.psp.info.

Front page image

The picture shows a part of the commercial property located at Peter Merian-Strasse 88/90 in Basel.

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Board of Directors' statement

Location and quality of our properties as well as the constant portfolio modernisation are among our most important success factors.

Dear Readers

Business development

Despite all the challenges and uncertainties due to the corona crisis, we achieved a good operational result: net income excluding gains/losses on real estate investments rose to CHF 221.1 million. This represents an increase of CHF 5.3 million or 2.5% compared to 2020 (CHF 215.8 million). Thanks to the portfolio appreciation of CHF 464.9 million, net income increased by CHF 302.9 million to CHF 595.0 million (2020: CHF 292.1 million).

Net income excluding gains/losses on real estate investments is the basis for the distribution to shareholders. The 2021 result allows the Board of Directors to propose to the Annual General Meeting of 31 March 2022 a dividend payment of CHF 3.75 per share (previous year: CHF 3.65). This corresponds to a yield of 3.3% on the 2021 year-end share price of CHF 113.70. Thus, we continue our shareholder-friendly dividend policy, further strengthening our position as a predictable and stable core investment for Swiss real estate.

The real estate portfolio had a total value of CHF 9.1 billion and a vacancy of 3.8% (end of 2020: CHF 8.6 billion; 3.0%).

The focus of our letting activities was on the early processing of lease expiries as well as the marketing of new projects and vacant spaces. We also continued to concentrate on optimising our real estate portfolio by renovating and modernising selected investment properties and, at the same time, further developing our sites and development projects. In addition, we sold various objects and condominium units. Neither investment properties, nor sites or projects were purchased.

Our most important market segment, the office rental market, stabilised during 2021 and even improved in good locations. Demand for high-quality office space is particularly positive in central locations. However, because of the corona crisis some tenant segments are still facing significant challenges, especially the gastronomy and hotel industry. The non-food retail market remains tense, as it was the case before the outbreak of the pandemic. It is still unclear how long the road back to social and economic normality will take. Hopefully, the corona virus can be contained soon and the parts of the economy particularly damaged by the crisis will recover quickly and in a stable way. The transaction market and construction activities have regained their pre-corona for some time now.

Sustainability

Sustainability criteria covering ecological and social aspects are increasingly important for a growing number of investors. The number of investments in line with sustainability criteria is increasing accordingly. In this respect, we benefit from our long-term focus on sustainability that has always been an integral part of our strategy. External benchmarks such as CDP or GRESB and the repeated "Great Place to Work®" certification attest to the fact that we are on the right track.

Going forward, we will continue to reduce the specific CO₂ emissions of our properties in order to make our contribution to achieving the national and international goals for combating climate change. In the reporting year, we implemented the target defined in 2020 (to halve the specific CO₂ emissions by 2035 compared to 2019) and the related CO₂ reduction path in our tools and planning. It was equally important to sensitise and

train the employees on this. In the coming years, we intend to engage our tenants and suppliers even more in our sustainability efforts.

Outlook

An outlook on the Swiss economy remains difficult, especially because of the uncertainties about the future development of the corona crisis. It is just as hard to predict the impact on the property sector. We expect demand for modern office space in A-locations to further improve in the coming months. On the other hand, the market for older office buildings in B- and C-locations as well as non-food retail space will remain difficult. Letting success will therefore continue to depend primarily on two market-relevant factors: location and quality. PSP Swiss Property is well-positioned in both.

We are confident for the future for a number of reasons. We own a high-quality portfolio with a low vacancy rate; the main use is for office space in central locations and the tenant base is broadly diversified; the development projects, most of which are already largely pre-let before completion, will generate further growth. Furthermore, we have a solid equity base and sufficient financing sources.

Our focus remains unchanged: we modernise selected properties, develop our projects and concentrate on our letting activities. We will only consider acquisitions if they allow for added value in the long term.

In financing, we will continue to pursue our proven conservative approach. And as in the past, we will also access the capital market when appropriate.

For the 2022 business year, we expect an ebitda excluding gains/losses on real estate investments of CHF 285 million (2021: CHF 278.8 million). With regard to the vacancies, we expect a rate of below 4% at year-end 2022 (end of 2021: 3.8%).



Luciano Gabriel
Chairman of the Board of Directors

21 February 2022

2021 in brief

Key figures

Portfolio value

9.1

CHF billion

We further improved the portfolio quality by comprehensive renovations and a few disposals.

Equity base

5.0

CHF billion

With an equity ratio of 54.7%, the balance sheet is strong.

Net income excluding gains/losses on real estate investments

221.1

CHF million

Net income excluding gains/losses on real estate investments is the basis for the distribution to shareholders.

Dividend

3.75

CHF per share

The Board of Directors will propose to the Annual General Meeting on 31 March 2022 a dividend payment of CHF 3.75 per share. This corresponds to a cash yield of 3.3% on the 2021 year-end share price of CHF 113.70.

EPRA EPS

4.48

CHF

The EPRA EPS shows the underlying operating performance.

EPRA NRV

135.40

CHF

The EPRA NRV assumes that an entity never sell assets and aims to represent the value required to rebuild the entity.

Great Place to Work®

86 %

Compared to the last employee survey, we were even able to increase the "Trust Index". We are pleased about the renewed certification as a Great Place to Work®.

CO₂ target

– 50 %

By 2035 we want to halve our specific CO₂ emissions compared to 2019.

Key financial figures	Unit	2020	2021	+/- ¹
Rental income	CHF 1 000	296 274	309 638	4.5%
EPRA like-for-like change	%	- 0.2	- 0.2 ²	
Net changes in fair value of real estate investments	CHF 1 000	101 578	464 920	
Income from property sales (inventories)	CHF 1 000	16 115	20 059	
Income from property sales (investment properties)	CHF 1 000	0	9 462	
Total other income	CHF 1 000	12 571	4 971	
Net income	CHF 1 000	292 091	595 022	103.7%
Net income excluding gains/losses on real estate investments ³	CHF 1 000	215 795	221 124	2.5%
Ebitda excluding gains/losses on real estate investments ³	CHF 1 000	271 058	278 756	2.8%
Ebitda margin	%	83.4	83.0	
Total assets	CHF 1 000	8 665 045	9 182 479	6.0%
Shareholders' equity	CHF 1 000	4 579 165	5 019 087	9.6%
Equity ratio	%	52.8	54.7	
Return on equity	%	6.5	12.4	
Interest-bearing debt	CHF 1 000	3 057 204	3 012 749	- 1.5%
Interest-bearing debt in % of total assets	%	35.3	32.8	
Portfolio key figures				
Number of investment properties	Number	160	158	
Carrying value properties	CHF 1 000	7 681 998	8 509 792	10.8%
Implied yield, gross ⁴	%	3.8	3.6	
Implied yield, net ⁴	%	3.3	3.1	
Vacancy rate (CHF) ^{4, 5}	%	3.0	3.8	
Number of sites and development properties	Number	16	18	
Carrying value sites and development properties	CHF 1 000	895 091	617 180	- 31.0%
Headcount				
Employees	People	96	98	
Full-time equivalents	FTE	89	90	
Per share figures				
Earnings per share (EPS) ⁶	CHF	6.37	12.97	103.7%
EPS excluding gains/losses on real estate investments ^{3, 6}	CHF	4.70	4.82	2.5%
EPRA EPS	CHF	4.32	4.48	3.6%
Distribution per share	CHF	3.65	3.75 ⁷	2.7%
Net asset value per share (NAV) ⁸	CHF	99.83	109.42	9.6%
NAV per share before deduction of deferred taxes ⁸	CHF	119.57	131.84	10.3%
EPRA NRV	CHF	123.19	135.40	9.9%
Share price end of period	CHF	118.30	113.70	- 3.9%

¹ Change to previous year's period 2020 or to carrying value as of 31 December 2020 as applicable.

² EPRA like-for-like growth excluding effect from Covid-19 rent reliefs is - 0.5% (2020: + 1.5%).

³ See definition on page 87, note 30.

⁴ For investment properties.

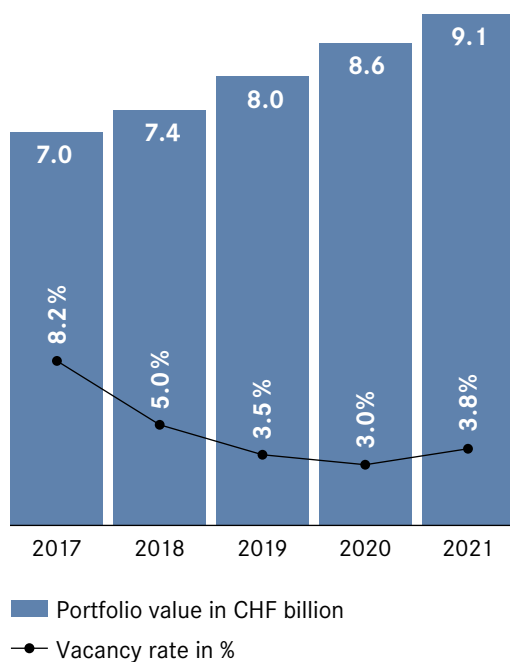
⁵ Equals the lost rental income in % of the potential rent, as per reporting date.

⁶ Based on average number of outstanding shares.

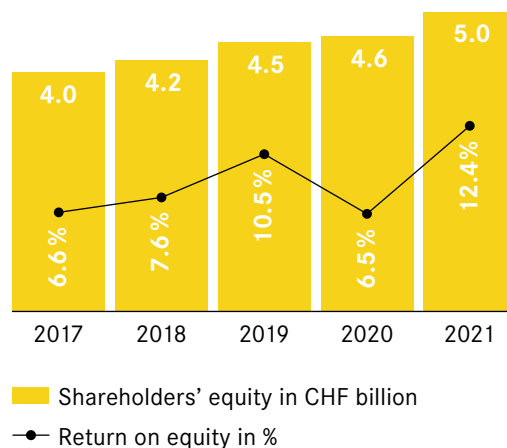
⁷ Proposal to the Annual General Meeting on 31 March 2022 for the business year 2021: Dividend payment.

⁸ Based on number of outstanding shares.

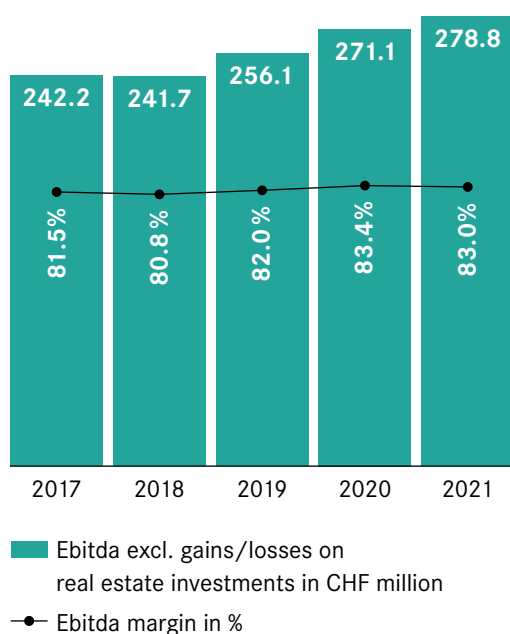
Real estate portfolio



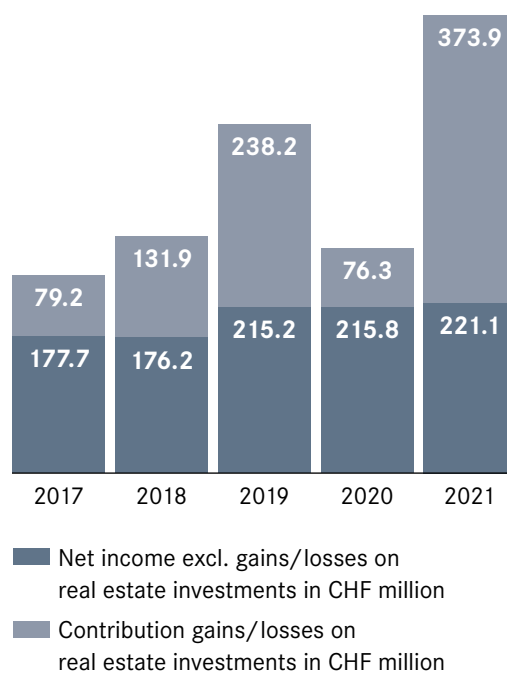
Shareholders' equity



Ebitda



Net income components



Report on the business year 2021

Despite persistently challenging conditions, 2021 was a successful year.

Business development

We are satisfied with the business year 2021. We experienced resilient customer demand in the reporting period. To a significant degree, this was due to the fact that our portfolio does not reflect the market as a whole, but rather a stable sub-segment with an above-average number of well-located quality properties.

Our most important market segment, the office rental market, stabilised during 2021 and even improved in good locations. Demand for high-quality office space is particularly positive in central locations.

We continued to focus on renovations and modernisations of several properties as well as the further development of ongoing projects. We want to optimise and further develop our property portfolio in such a way that we can also grow organically. In doing so, we focus on customer needs with regard to the quality and flexibility of rental space as well as the growing trend towards sustainability. We have further optimised our real estate portfolio; its value at the end of 2021 was CHF 9.1 billion (end of 2020: CHF 8.6 billion), and the vacancy rate was 3.8% (end of 2020: 3.0%).

In order to be even closer to our properties and customers in Basel, we relocated our Olten branch to Kirschgartenstrasse 12 in Basel, which is equipped with up-to-date workplaces, in mid-2021. And recently, the Geneva branch moved to the prime location at 9 Rue du Prince. These offices were also modernised in advance.

Swiss market environment

Letting market, office and retail

Demand for attractive office space is good, especially in prime locations. This is particularly true for our main markets of Zurich and Geneva. On the other hand, the rental market in Basel has been challenging for several months due to an existing oversupply. In general, it remains true that due to the ongoing uncertainty, companies want to remain flexible and tend to prefer leases with shorter terms in order to be able to adapt quickly to changing conditions if necessary. The rental market for older office properties in B and C locations as well as non-food retail space, which was already difficult before the outbreak of the corona crisis, remained challenging. With increasing success in containing the corona virus, a certain stabilisation of the rental market can be expected.

The medium and long-term development of the remote working trend is still unclear. We are convinced that the office and the personal interactions at the workplace are and will remain crucial for a firm to realise its full potential. Therefore, the overall demand for office space in attractive locations will not necessarily decline. Quality requirements are more likely to change; for example, there will be an increased focus on spacious and flexible office space in attractive locations with a safe working environment for employees.

Investment market

The investment market is still characterised by persistently strong demand for property investments and modest yield expectations on the part of investors. Investment demand remains especially high for properties in good locations with high cash flow visibility. As a result, yields are low.

Consolidated annual results 2021

In the reporting period, we achieved a net income excluding gains/losses on real estate investments¹ of CHF 221.1 million. This represents an increase of CHF 5.3 million or 2.5% compared to the previous year's period (2020: CHF 215.8 million). This rise was mainly due to higher rental income (+ CHF 13.4 million) as well as higher income from the sale of project developments and condominiums (+ CHF 3.9 million). With regard to rental income, it should be taken into account that corona-related rent reliefs of CHF 3.7 million were granted (2020: CHF 4.6 million). Still on the income side, capitalised own services decreased by CHF 3.8 million and other income also was down by CHF 3.8 million. On the cost side, financing expenses were reduced (– CHF 2.1 million). Compared to the previous year's period, overall operating expenses rose by CHF 3.1 million. Earnings excluding gains/losses on real estate investments per share, which is the basis for the dividend distribution, amounted to CHF 4.82 (2020: CHF 4.70).

Net income reached CHF 595.0 million (2020: CHF 292.1 million). The increase in net income by CHF 302.9 million compared to the previous year's figure was due, on the one hand, to the effects mentioned above, but, above all, it resulted from the portfolio appreciation of CHF 464.9 million – of which CHF 331.9 million accrued in the valuations in the course of the financial year until the end of September 2021 (2020: CHF 101.6 million). The main reason for the appreciation was the reduction of discount rates due to the further decline in investors' yield expectations. Earnings per share amounted to CHF 12.97 (2020: CHF 6.37).

At the end of 2021, net asset value (NAV) per share was CHF 109.42 (end of 2020: CHF 99.83). NAV before deducting deferred taxes amounted to CHF 131.84 (end of 2020: CHF 119.57).

EPRA key figures are shown on pages 104 to 115.

Capital structure and liquidity

With total equity of CHF 5.019 billion at the end of 2021 – corresponding to an equity ratio of 54.7% (end of 2020: CHF 4.579 billion or 52.8%) – the equity base remains strong. Interest-bearing debt amounted to CHF 3.013 billion, corresponding to 32.8% of total assets (end of 2020: CHF 3.057 billion or 35.3%). At the end of 2021, the average cost of debt was low at 0.40% (end of 2020: 0.47%). The average fixed-interest period was 5.1 years (end of 2020: 5.0 years).

¹ See definition on page 87, note 30.

Our current unused credit facilities total CHF 900 million; thereof, CHF 600 million are committed credit lines. These financing sources are sufficient, in particular, for our ongoing business activities, the refinancing of financial facilities maturing in 2022 as well as the planned capital expenditures for our development projects and investment properties.

PSP Swiss Property has an Issuer Rating A3 and a Senior Unsecured Rating A3 from Moody's.

Great place to work

At the end of 2019, PSP Swiss Property was certified as a "Great Place to Work®" for the first time. This certification is testament to an excellent workplace culture and high employer attractiveness. In autumn 2021, we achieved a second certification as "Great Place to Work®" with a slightly improved result compared to 2019.

Dividend

For the business year 2021, the Board of Directors proposes an ordinary dividend payment of CHF 3.75 per share to the Annual General Meeting on 31 March 2022 (previous year: CHF 3.65 per share). In relation to net income excluding gains/losses on real estate investments, this corresponds to a payout ratio of 77.8%; in relation to the 2021 year-end share price of CHF 113.70, it corresponds to a yield of 3.3%.

Remarks with regard to the corona crisis

Current situation

The restrictions and measures taken to combat the corona virus have placed a heavy burden on the population and the economy, and they will continue to do so. It is impossible to predict from today's perspective how long it will take to return to normality. To a significant degree, this still depends on how the spread of the corona virus can be further contained and how severely and sustainably the economy is weakened or how quickly it will recover.

Tenants affected by business closures

Thanks to our broad portfolio diversification and our focus on office use in central locations, our exposure in the sectors affected by the corona crisis is manageable. Moreover, the impact on these tenants varies widely.

We have approximately 2 300 tenants. Thereof, around 220 were directly affected by the forced closure of their businesses in spring 2020. At that time, approximately 350 tenants applied for a deferral of payment or a rent reduction. Currently, no cases are open or in negotiation. During the reporting period, rent reliefs in the amount of CHF 3.7 million were recognised in the income statement (2020: CHF 4.6 million). At the end of 2021, outstanding lockdown-related rent receivables amounted to CHF 3.5 million (end of 2020: CHF 5.4 million).

Subsequent events

On 11 February 2022, a 0.0% private placement (all-in -0.45%) with a volume of CHF 100 million and a maturity in August 2022 was issued.

With effect from 17 February 2022, we entered an asset swap with Swiss Life AG and the Anlagestiftung Swiss Life. We acquired two commercial properties in Zurich, at Lintheschergasse 10 and Mühlebachstrasse 2, for a total of CHF 67.6 million. In return, we sold three properties (Rue du Pont 22 in Lausanne, Lintheschergasse 23 and Löwenstrasse 16 in Zurich) for a total of CHF 59.8 million. The balance was settled in cash.

There were no further material subsequent events.

In financing, we will continue to pursue our proven conservative approach. And as in the past, we will also access the capital market when appropriate.

For the 2022 business year, we expect an ebitda excluding gains/losses on real estate investments of CHF 285 million (2021: CHF 278.8 million). With regard to the vacancies, we expect a rate of below 4% at year-end 2022 (end of 2021: 3.8%).

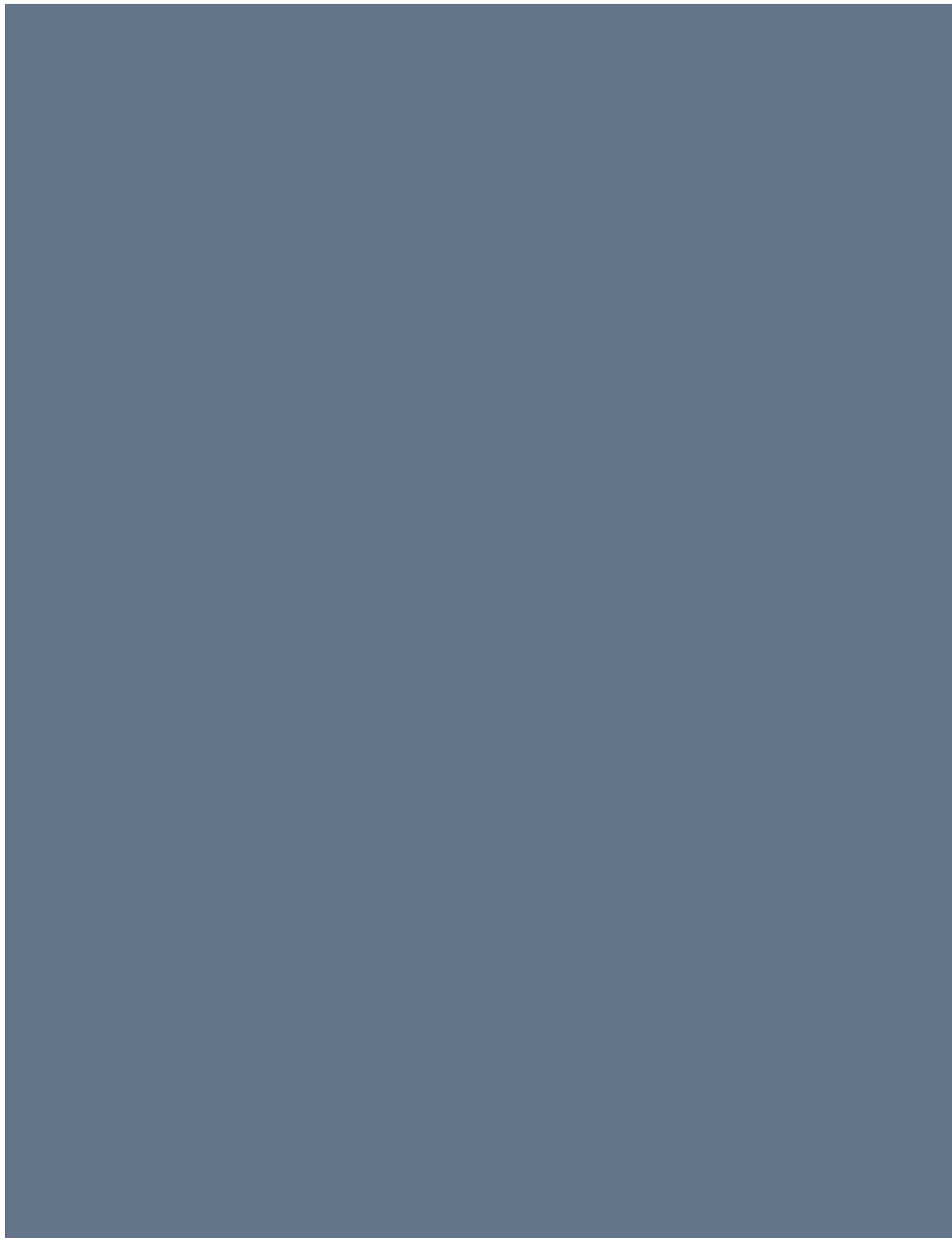
The Executive Board, February 2022

Outlook 2022

The outlook for the current business year is difficult due to the pandemic. However, we are well prepared for the times ahead for a number of reasons: we have a high-quality portfolio with a low vacancy rate. The main use is office space and the tenant base is broadly diversified. The development projects, most of which are already well let, will generate further growth. And, finally, we have a solid equity base and sufficient financing sources.

For both offices and retail space, rental success will continue to depend on two market-relevant factors, in particular: location and quality. PSP Swiss Property is well-positioned in both.

Our focus remains unchanged: we modernise selected properties, develop our projects and concentrate on our letting activities. We will only consider acquisitions if they allow for added value in the long term.



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Portfolio

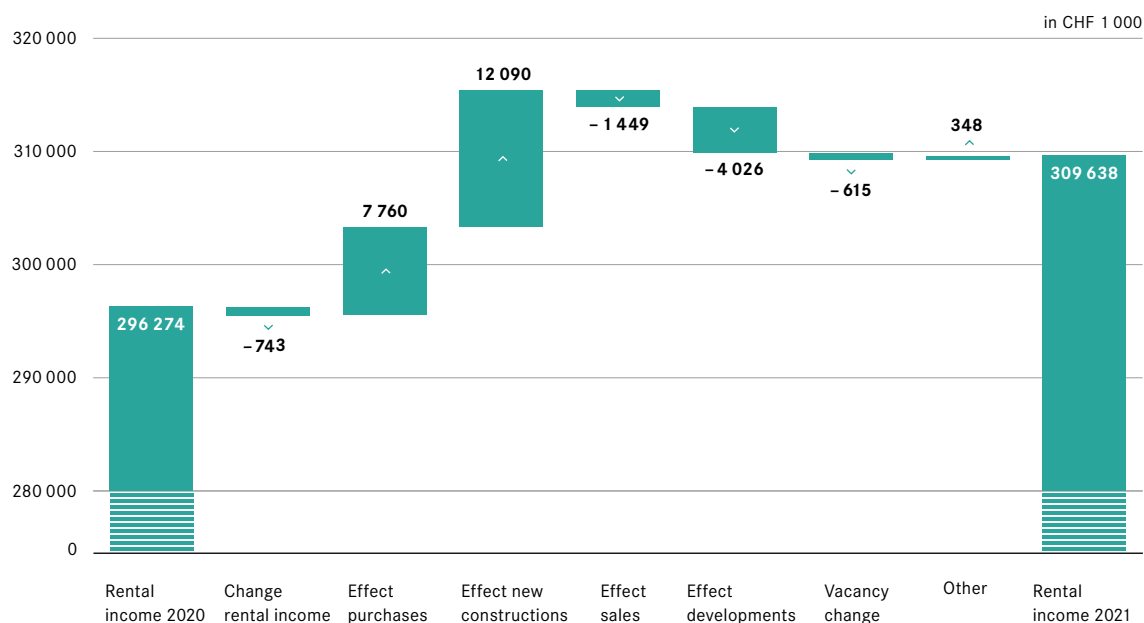
At the end of 2021, our real estate portfolio included 158 investment properties. In addition, there were 18 sites and development properties. The value of the total portfolio was CHF 9.1 billion.

Our focus remained on further developing our property portfolio in 2021. The ongoing optimisation of our properties through renovations and modernisations as well as new constructions is a key success factor. In doing so, we clearly focus on customer needs with regard to the quality and flexibility of rental space as well as towards sustainability aspects. We did this by renovating and modernising selected investment properties and, at the same time, further developing our sites and development projects.

Investment properties

Several projects were successfully completed and reclassified into the investment portfolio. The modern “ATMOS” building in Zurich West with approximately 24 000 m² of rentable space was completed early 2021. The areas (hotel, restaurant and office) of the very extensive renovation on Bahnhofquai and Bahnhofplatz (1st and 2nd stages) in Zurich were handed over to the tenants in Q4 2021. Construction work on the property at Zollstrasse 6 in Zurich was completed at the end of 2021.

Development of rental income



The properties Zurich, Schaffhauserstr. 611, and Locarno, Via Respini 7/9, as well as a part of the property located in Wabern, Gurtenbrauerei 32/37, were sold.

No investment properties were bought.

Sites and development properties

At present, we own and develop 18 sites and projects.

During the reporting period, we reclassified four investment properties as development projects.

At Zeughausgasse 26/28 in Bern, the outdated building structure will be comprehensively renovated by mid-2022 and the hotel use will be extended to all upper floors. SV Group will open its extended-stay hotel “Stay Kooook” with 85 rooms there in summer 2022. The restaurant on the ground floor will be extended to include the neighbouring retail space. The investment amounts to around CHF 20 million.

At Gartenstrasse 32 in Zurich, the facade and technical installations will be completely renewed by mid-2022 as part of a comprehensive renovation. A modern photovoltaic system will also be installed. The investment sum amounts to around CHF 7 million. Negotiations with a renowned bank for the lease of the entire building are about to be concluded.

The property located at Freie Strasse 38 in Basel is an ideal commercial building for mixed retail and office use. After the main tenant moved out, the building is undergoing a comprehensive refurbishment until mid-2022. The investment sum amounts to around CHF 5 million.

Following the departure of the single tenant from the office building Richtistrasse 3 in Wallisellen, various alternative uses are being examined and clarified for this property. The main focus is on a new concept for the usable space. Around CHF 3 million will be invested until mid-2022.

The “Residenza Parco Lago” development in Paradiso (Lugano), which was under construction since 2017, was successfully completed at the end of 2021. By year-end 2021, 76% of the units were sold and further 7% were reserved.

Furthermore, we sold a development project in Kilchberg, a part of a site in Wädenswil and further residential units in Rheinfelden.

No objects were bought.

Major projects in progress

Projects under construction with an investment sum of CHF 10 million or more are described below. Further information on all projects can be found on pages 240 to 241.

Project “Bärenplatz”, Bern

The properties at Bärenplatz in Bern, which we acquired in January 2019, are in a prime downtown location in the immediate vicinity of the Federal Parliament building. The properties are being renovated extensively until mid-2022. The investment total amounts to around CHF 18 million. The ground floor and the first basement floor will be used for restaurants (around 1 100 m²), with office space above (around 1 300 m²) and a number of small apartments (around 900 m²) on the top levels of the buildings. 70% of the space (office and restaurant area) has already been let.

Project “Bahnhofplatz”, Zurich

The 3rd and final construction stage of the comprehensive renovation of the properties opposite Zurich's main train station is on track. As with the first two stages, the entire technology is being replaced and the space modernised. The intention is again to have a mixed use with office, retail and catering space. The construction work will last until mid-2023 and cost around CHF 19 million.

Further details: www.bahnhofplatz-zwei.ch

Project “Clime”, Basel

The Grosspeterstrasse 18 building in Basel no longer met today's requirements for office workplaces and was demolished. A new, sustainable wooden building is now being constructed with around 5 600 m² of floor space, 50% of which has already been let to the previous tenant Swisscom. A further 8% of the space has been let to a catering business. The investment amounts to around CHF 37 million. Completion of the new building is planned for the beginning of 2023.

Further details: www.grosspeter-clime.ch

Project “B2Binz”, Zurich

At the end of March 2020, we acquired a plot with a commercial building (built in 1975/1991) at Grubenstrasse 6 in Zurich (district 2). The compound will be replaced with a modern new building for mixed use (around 5 200 m² of office and 6 100 m² of commercial space). The investment total will amount to approximately CHF 35 million. The new property will benefit from its good location – a bus stop and the suburban railway station Zurich Binz are located right next to the building.

Demolition work on the existing building was already completed at end of September 2020. The new building will be realised until mid-2023.

Further details: www.b2binz.ch

Valuation of properties

The revaluation of the properties by the independent appraiser resulted in an appreciation of CHF 464.9 million as at the end of 2021 – of which CHF 331.9 million accrued in the valuations in the course of the financial year until the end of September 2021. Of the overall amount, CHF 393.8 million were related to the investment portfolio and CHF 71.1 million to the sites and developments projects.

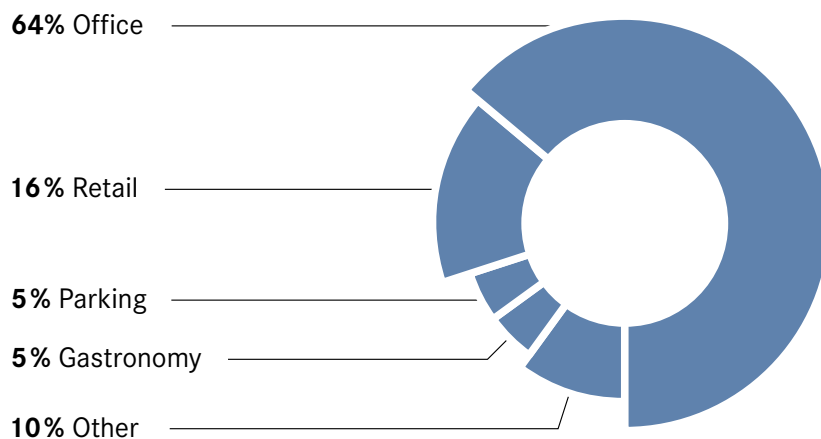
At year-end 2021, the portfolio's weighted average nominal discount rate stood at 3.01% (year-end 2020: 3.20%). The appreciation resulted mainly from the lower discount rate as well as from various lettings. On the other hand, more cautious income forecasts in connection with Covid-19 resulted in lower valuations for a number of properties.

Vacancy

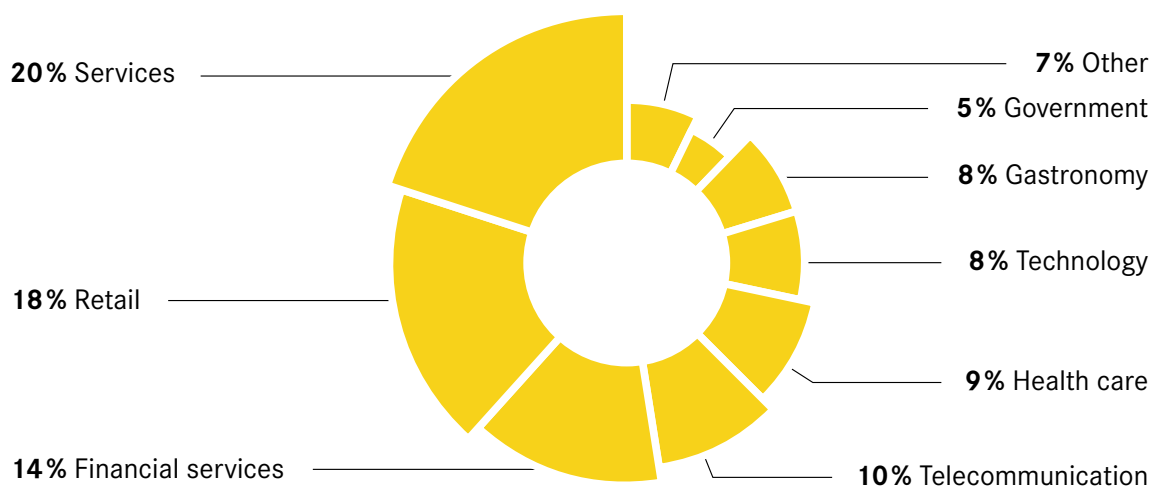
At the end of 2021, the vacancy rate stood at 3.8% (end of 2020: 3.0%). 0.5 percentage points of all vacancies are due to ongoing renovations. Of the lease contracts maturing in 2022 (CHF 54.8 million), 72% were already renewed at the end of 2021. As per year-end 2022, we expect a vacancy rate of below 4%.

The vault (weighted average unexpired lease term) of the total portfolio was 4.0 years at the end of 2021. The vault of the ten largest tenants, contributing around 30% of the rental income, was 3.6 years.

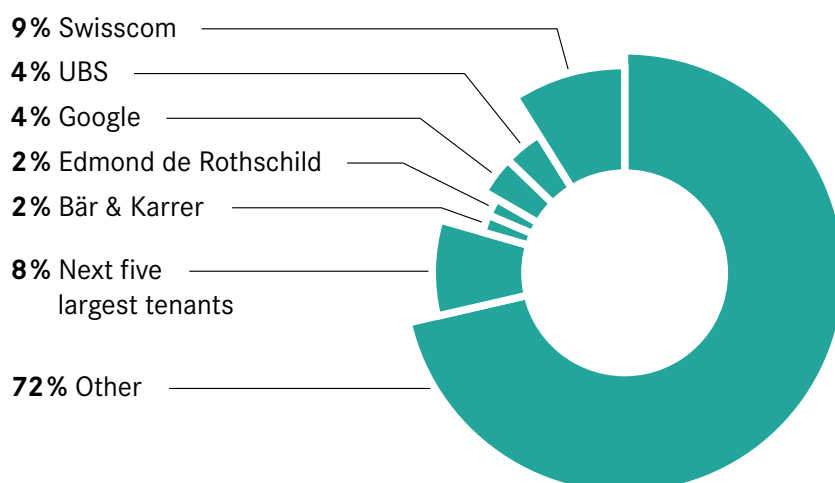
Rent by use



Rent by type of tenant

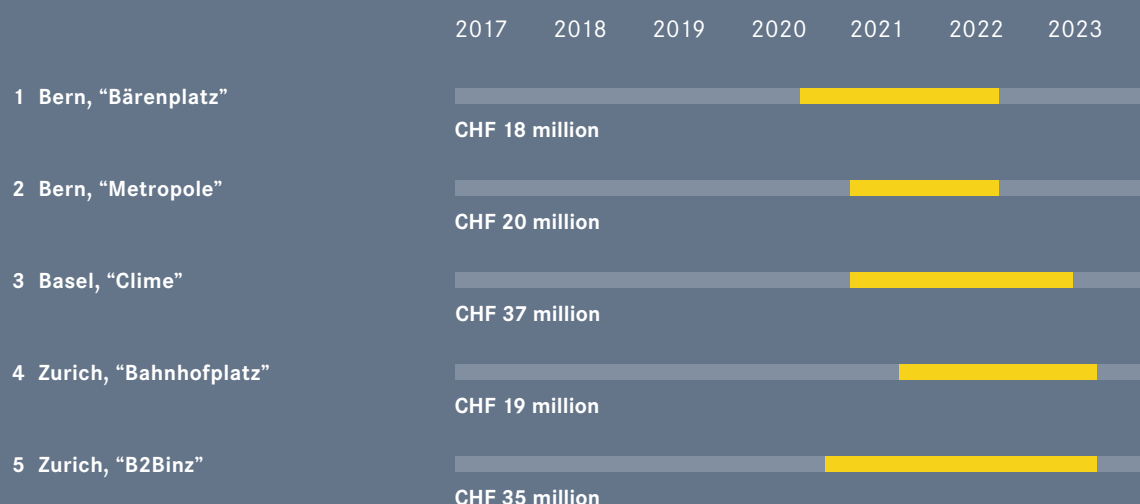


Rent by largest tenants



Portfolio summary

Project pipeline¹



Portfolio key figures²

A Zurich area

57%

Portfolio value	CHF 5.2 billion
Rental income	CHF 171.0 million
Implied yield, net	3.0%
Vacancy rate	2.6%
Rentable area	532 920 m ²

B Geneva area

14%

Portfolio value	CHF 1.3 billion
Rental income	CHF 40.1 million
Implied yield, net	2.8%
Vacancy rate	4.2%
Rentable area	81 090 m ²

C Basel area

8%

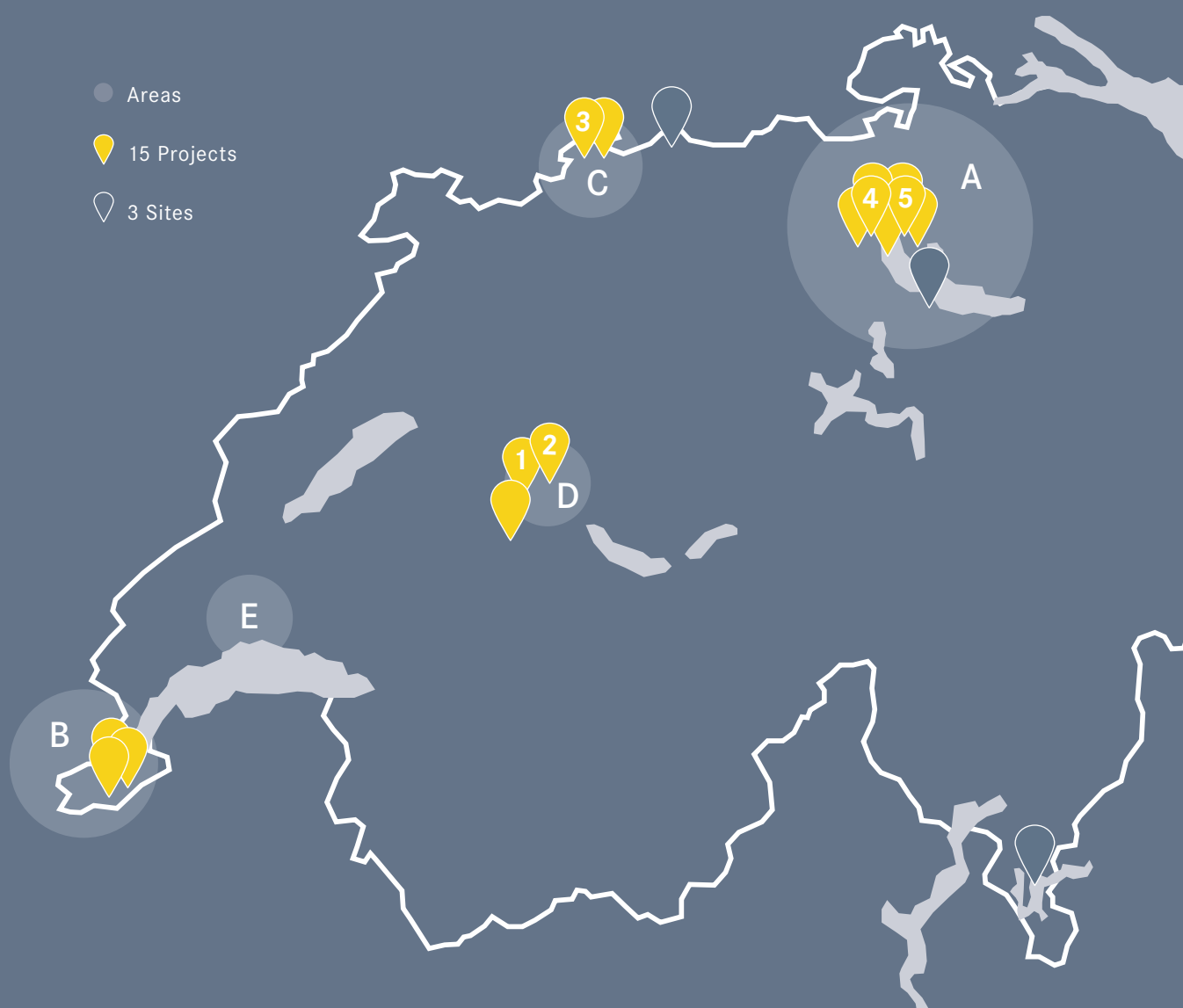
Portfolio value	CHF 0.7 billion
Rental income	CHF 28.2 million
Implied yield, net	3.3%
Vacancy rate	5.2%
Rentable area	106 064 m ²

D Bern area

5%

Portfolio value	CHF 0.5 billion
Rental income	CHF 19.9 million
Implied yield, net	3.5%
Vacancy rate	4.4%
Rentable area	86 652 m ²

¹ Selection of current projects. Details see on pages 240 to 241.



E Lausanne area

5%

Portfolio value	CHF 0.5 billion
Rental income	CHF 19.7 million
Implied yield, net	3.6%
Vacancy rate	5.7%
Rentable area	82 688 m ²

Other locations

4%

Portfolio value	CHF 0.4 billion
Rental income	CHF 19.9 million
Implied yield, net	3.9%
Vacancy rate	8.9%
Rentable area	79 438 m ²

2 Portfolio value by area, Sites and development properties 7%.

Our properties in the heart of the city of Basel are an important part of our portfolio.

The greater Basel area is a major business hub in Switzerland, second only to Zurich. It is home of world market leaders in the pharmaceutical and chemical industries, as well as other important companies from the financial, service and industrial sectors. Overall, PSP Swiss Property owns 100 000 m² of office, retail and commercial space in Basel.

Since its foundation in 1999, PSP Swiss Property has been present in Basel with a broadly diversified portfolio. This includes a substantial number of historic buildings in the old part of town. These buildings are important for Basel as protected historic monuments, which is why we maintain and renovate them with great care. In doing so, we contribute to the preservation of Basel's historic town centre for future generations.

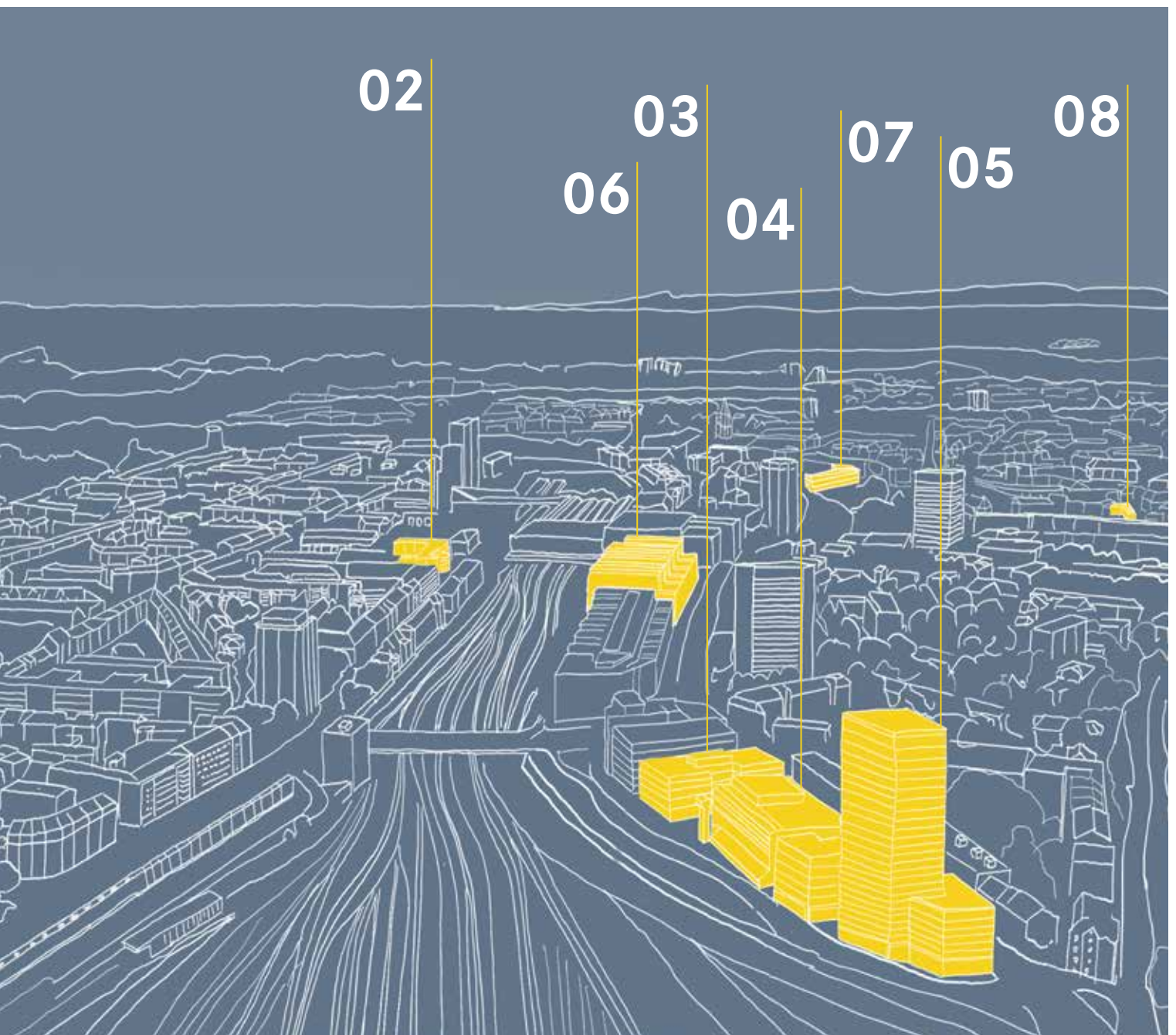
In contrast, there is the architecturally more modernist side of Basel: all around Basel's central station, buildings from the 20th and 21st centuries dominate the cityscape. On the south side lies the Gundeldinger district – the “Gundeli”, as the inhabitants fondly call it. Here, PSP Swiss Property owns two properties: Dornacherstrasse 210 and Hochstrasse 16 / Pfeffingerstrasse 5.

Further PSP properties are located to the north of the central station. Here, we are developing the Grosspeter site. The “Grosspeter Tower” was completed in 2017 – at 78 meters in height one of the most prominent buildings of Basel. Right next to it, the “Grosspeter Tec” is undergoing a comprehensive renovation. The “Grosspeter Clime” will round off the Grosspeter ensemble; it is also under construction and will be Basel's first large wooden office building. Our property at Peter-Merian-Strasse 88/90 is also located right next to the central station, while our portfolio on the north side of the central station is complemented by the properties at Steinentorberg 8/12, which has recently been renovated, as well as the glass building at Kirschgartenstrasse 12/14 and the office building at St. Alban-Anlage 46.

Details on individual properties around Basel's central station can be found on the following pages.

01









01 Dornacherstrasse 210

This property with 14 500 m² of rental space is located in the vibrant Gundeldinger district, a five-minute walk from the central station. It is also well connected to the local public-transport system. The “Gundeli” offers a wide range of restaurants and stores. Over the past few years, we enhanced the building, which was built in 1969, with various extensions as well as renovations; now it meets widely divergent tenant needs. Accordingly, there is a heterogeneous mix of tenants from one-person businesses to a large architecture firm, from further education to a fitness centre.



02 Hochstrasse 16 / Pfeffingerstrasse 5

This building is easily recognisable by its exterior support structure – a typical element for the construction year 1986. There is a green interior courtyard with appealing water features. This has turned the place into an oasis of calm, while, at the same time, offering excellent links to public transport and easy access to the nearby motorway junction Basel-City. The building offers 15 400 m² of rental space and has a large two-story car park as well as a photovoltaic installation which produces around 115 000 kWh of environment-friendly solar power each year.



03

Grosspeterstrasse 18 ("Clime", visualization)

The original property consisted of an office and an operational building. The office building no longer met today's requirements for office workspace and had to be demolished. Currently, a six-story new building with 5 600 m² of rentable area is being built as a hybrid construction made of wood and concrete. Half of the new space is already let. The new building will offer flexibly partitionable and enlargeable space with state-of-the-art infrastructure. In addition, there will be a restaurant, which will further enhance the Grosspeter site, as well as a common roof terrace, a car park and ancillary spaces. Completion is planned for Q1 2023.

Grosspeterstrasse 24 ("Grosspeter Tec")

This property, built in 1988, is located between "Grosspeter Clime" and "Grosspeter Tower". In the beginning, the property was a specific telecommunications premises. However, due to the technological change, the demand for this kind of use diminished.

As a result, approximately 8 700 m² of surface area is now being converted to attractive office and possibly lab space. By the end of 2023, attractive premises will be created that can be individually and flexibly subdivided and expanded. The motorway access Basel-City is just one kilometre away, the central station is a ten-minute walk away and there is a bus stop right in front of the building.

04



05 Grosspeterstrasse 44 (“Grosspeter Tower”)

The “Grosspeter Tower” offers 18 000 m² of rental space for a mixed use of offices and a hotel. On the ground floor, generous lobby and reception areas welcome tenants, clients and guests. The dominating presence at the southeastern gateway to Basel makes the “Grosspeter Tower” one of the city’s landmarks. Furthermore, the property serves as a model as Switzerland’s first high-rise building with a wrap-around photovoltaic façade, while producing a significant proportion of its basic energy needs itself with additional modules on the roof. Different floor sizes on 22 levels allow for a large variety of office concepts and individuality. The tenant mix is diverse, from chemical companies and financial-services providers to consulting firms and logistics enterprises to providers of co-working space and building-services providers. Around one third of the area is rented by the Hotel Ibis Styles with its 186 rooms.

Further information, such as the construction progress, the space available or the contact details can be found at:

<https://www.grosspeter-areal.ch/areal>





Steinentorberg 8/12

This building with its representative office space is a three-minute walk from the central station. With direct access from the underground car park, it also has excellent links to the road network. Constructed in 1991, the property was comprehensively renovated in the past two years, after the former main tenant had vacated the building. Meanwhile, it is fully let. As part of the renovation work, a photovoltaic system was installed on the roof for the building's own use. The property has 14 700 m² of rental space for office and retail use as well as a fitness and wellness centre.

07



06

Peter Merian-Strasse 88/90

The Peter-Merian-property consists of two buildings constructed in the year 2000 with 12 200 m² of rental space. It is located a mere three-minute walk from the central station. The buildings are part of a row of six houses parallel to the railroad tracks. The row continues outwards with the Jacob-Burkhardt-House and the Grosspeter site. Glass walls, which were especially constructed to serve as sound barriers, make natural, fresh-air ventilation of the offices possible despite a relatively high-noise environment. The interior courtyards, which were designed by artists, lend the building a special atmosphere. A tram stop and a large car park offer ideal transport links. The property and the adjacent buildings are home to a wide range of tenants from the chemical industry to education, logistics, medtech and consulting.



08

Kirschgartenstrasse 12/14

This property is located a few minutes' walk from Aeschenplatz and the central station. The building with office and retail use dominates the neighbourhood with its crystal-like glass façade. As such, it is a typical product of the 1970s. Spacious rooms can easily be used for open-plan, single or team offices. The building is also home to PSP Swiss Property's new Basel office. Overall, it offers 6 400 m² of rental space on five floors.





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Company portrait

We create added value by continuously optimising our portfolio and adapting it to our clients' needs.

Real estate portfolio with a long-term perspective

PSP Swiss Property owns a real estate portfolio with office and commercial properties worth CHF 9.1 billion. We manage and maintain the buildings with a long-term perspective. Our goal is income and value appreciation through best use of the properties.

Offices in Basel, Geneva and Zurich ensure a broad regional presence. As a result, we know the local markets well. This allows us to manage and let the properties efficiently, provide personal service to our tenants and evaluate potential purchases adequately.

Value-oriented growth strategy

We create added value through optimising our portfolio (organic growth) as well as external growth.

Organic growth: We achieve organic growth by focusing on the quality- and value-oriented development of our existing property portfolio. Thereby, the professional collaboration between real estate asset management, construction and property management activities is a crucial key to success. Pro-active and client-oriented letting activities are a further core element in portfolio optimisation.

External growth: External growth may be achieved through company takeovers, property portfolio acquisitions or the purchase of individual proper-

ties. We are particularly meticulous in evaluating potential purchases, as for us size is not an end in itself. Acquisitions are only made if price, location and future prospects promise added value for shareholders. A careful evaluation of the risk/return profile is fundamental to every acquisition.

In the context of the portfolio optimisation, properties can also be sold.

Sustainability

Sustainability (environmental, social and governance, in short ESG) is at the core of our business strategy. We are convinced that success depends on responsible thinking and acting in relation to all stakeholders, from employees, tenants and business partners to our shareholders and the public.

Further information can be found in the Sustainability report on pages 169 to 223.

Strong capital structure

Financial strength and flexibility are crucial for us. Therefore, we make sure that our financial flexibility is assured at all times. This includes keeping the debt ratio low and pursuing a refinancing strategy that reflects our conservative investment policy. With equity of CHF 5.0 billion – corresponding to an equity ratio of 54.7% – we have a solid equity base.

Board of Directors and Executive Board



Luciano Gabriel
Chairman of the
Board of Directors



Adrian Dudle
Member of the
Board of Directors

Corinne Denzler
Member of the
Board of Directors



Peter Forstmoser
Member of the
Board of Directors



Henrik Saxborn
Member of the
Board of Directors

**Aviram
Wertheim**
Member of
the Board
of Directors



Josef Stadler
Member of the
Board of Directors



Office of the Board of Directors
Ronald Ruepp
Secretary of the Board of Directors



Giacomo Balzarini
Chief Executive Officer

Reto Grunder
Chief Investment Officer



Martin Heggli
Chief Operating Officer



The PSP share

Dividend policy

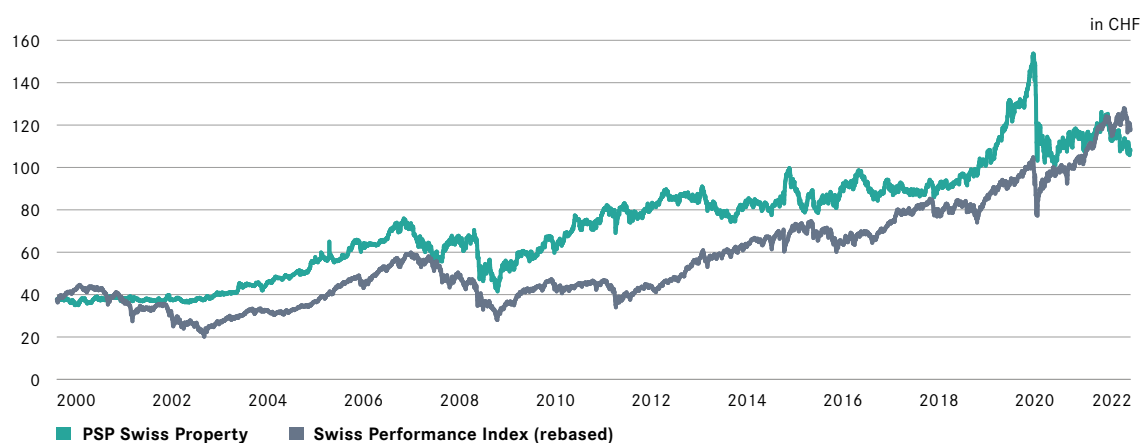
The annual distribution of PSP Swiss Property Ltd shall amount to at least 70% of the consolidated net income excluding gains/losses on real estate investments¹.

The Board of Directors will propose to the Annual General Meeting on 31 March 2022 a dividend of CHF 3.75 per share. This corresponds to a cash yield of 3.3% on the 2021 year-end share price of CHF 113.70.

Share price development

At year-end 2021, the PSP share price stood at CHF 113.70 (end of 2020: CHF 118.30). Net asset value per share (NAV) amounted to CHF 109.42 at the end of 2021 (end of 2020: CHF 99.83); consequently, the PSP share was traded at a premium of 3.9% at year-end. From its listing on the SIX Swiss Exchange on 7 March 2000 to the end of 2021, the PSP share price rose by 201.2%.

The PSP shares are liquid: on average, 86 907 shares worth CHF 10.1 million were traded daily in 2021 (2020: 183 401 shares worth CHF 21.4 million). In 2021, the total trading volume of PSP shares on the SIX Swiss Exchange reached CHF 2.5 billion (2020: CHF 5.4 billion). In 2020, exceptionally high turnover was generally recorded on the Swiss stock exchange; this also explains the decrease in trading turnover of the PSP share in 2021.



7 March 2000 until 15 February 2022

Source: Bloomberg

¹ See definition on page 87, note 30.

Key figures	Unit	2020	2021	+/- ¹
Share price				
High	CHF	153.70	127.30	
Low	CHF	101.00	106.40	
End of period	CHF	118.30	113.70	- 3.9%
SIX Swiss Exchange:				
Symbol PSPN, Valor 1829415, ISIN CH0018294154				
Market capitalisation				
High	CHF million	7 049.9	5 839.0	
Low	CHF million	4 632.7	4 880.3	
End of period	CHF million	5 426.2	5 215.2	- 3.9%
Number of shares				
Issued shares	Number	45 867 891	45 867 891	
Own shares	Number	0	0	
Outstanding shares	Number	45 867 891	45 867 891	
Average outstanding shares	Number	45 867 891	45 867 891	
Reserved shares ²	Number	7 636	7 636	
Per share figures				
Earnings per share (EPS) ³	CHF	6.37	12.97	103.7%
EPS excl. gains/losses on real estate investments ^{3,4}	CHF	4.70	4.82	2.5%
Distribution per share	CHF	3.65	3.75 ⁵	2.7%
Payout ratio ⁶	%	77.6	77.8	
Cash yield ⁷	%	3.1	3.3	
Net asset value per share (NAV) ⁸	CHF	99.83	109.42	9.6%
Premium to NAV ⁹	%	18.5	3.9	
NAV per share before deduction of deferred taxes ⁸	CHF	119.57	131.84	10.3%
Premium/(Discount) to NAV before deduction of deferred taxes ⁹	%	- 1.1	- 13.8	

1 Change to previous year's period 2020 or carrying value as of 31 December 2020 as applicable.

2 For the swap against REG shares which have not yet been exchanged.

3 Based on average number of outstanding shares.

4 See definition "Net income excluding gains/losses on real estate investments" on page 87, note 30.

5 Proposal to the Annual General Meeting on 31 March 2022 for the business year 2021: Dividend payment.

6 Distribution per share in relation to EPS excluding gains/losses on real estate investments.

7 Distribution per share in relation to share price at end of period.

8 Based on number of outstanding shares.

9 Share price at the end of period in relation to NAV resp. NAV before deduction of deferred taxes.

Major shareholders

Details on the major shareholders² are shown in the Holding's "Financial statements" on page 123, note 4.2.

Investor relations

Vasco Cecchini, phone +41 (0)44 625 57 23
vasco.cecchini@psp.info

² Further details on the disclosure notifications are shown under: www.ser-ag.com > Disclosure of Shareholdings > Overview of significant shareholders



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Consolidated statement of profit or loss

(in CHF 1 000)	2020	2021	Note
Rental income	296 274	309 638	5
Net changes in fair value of real estate investments	101 578	464 920	13
Income from property sales (inventories)	46 665	65 675	
Expenses from sold properties (inventories)	- 30 550	- 45 616	
Income from other property sales	0	9 462	6
Income from investments in associated companies	4	0	15
Capitalised own services	6 211	2 417	13
Other income	6 356	2 554	7
Total operating income	426 538	809 050	
Real estate operating expenses	- 10 613	- 11 143	8
Real estate maintenance and renovation expenses	- 15 404	- 17 494	
Personnel expenses	- 20 503	- 20 011	9
Fees to subcontractors	- 33	- 34	
General and administrative expenses	- 7 349	- 8 282	10
Depreciation	- 1 330	- 1 397	
Total operating expenses	- 55 232	- 58 362	
Operating profit (ebit)	371 306	750 688	
Financial income	266	240	11
Financial expenses	- 13 475	- 11 362	11
Profit before income taxes	358 097	739 566	
Income taxes	- 66 006	- 144 545	12
Net income attributable to shareholders of PSP Swiss Property Ltd	292 091	595 022	
Earnings per share in CHF (basic and diluted)	6.37	12.97	30

The notes are part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in CHF 1 000)	2020	2021	Note
Net income attributable to shareholders of PSP Swiss Property Ltd	292 091	595 022	
Items that may be reclassified subsequently to profit or loss:			
- Changes in interest rate hedging	3 412	7 829	
- Attributable taxes	- 379	- 833	12
Items that may not be reclassified subsequently to profit or loss:			
- Changes in pension schemes	- 873	6 690	24
- Attributable taxes	175	- 1 338	12
Other comprehensive income	2 335	12 348	
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd	294 426	607 370	

The notes are part of these consolidated financial statements.

Consolidated statement of financial position

(in CHF 1 000)	31 December 2020	31 December 2021	Note
Cash and cash equivalents	32 335	20 379	
Accounts receivable	16 353	8 020	16
Contract assets	11 934	6 426	14
Deferrals	5 252	2 513	
Current tax assets	3 668	6 438	
Derivative financial instruments	5	0	17
Sites and development properties for sale	112 681	85 010	13
Total current assets	182 227	128 786	
Tangible assets	454	393	19
Intangible assets	1 298	742	18
Derivative financial instruments	1 733	858	17
Accounts receivable	5 853	4 628	16
Financial investments	9	9	
Investments in associated companies	76	76	15
Sites and development properties	782 410	532 170	13
Own-used properties	36 454	36 132	13
Investment properties	7 645 544	8 473 659	13
Deferred tax assets	8 986	5 026	20
Total non-current assets	8 482 818	9 053 694	
Total assets	8 665 045	9 182 479	
Accounts payable	26 186	27 174	25
Deferrals	50 088	67 781	
Current tax liabilities	6 364	6 701	
Financial liabilities	40 000	75 000	23
Bonds and notes	390 003	99 988	23
Lease liabilities	383	179	23
Derivative financial instruments	399	351	17
Total current liabilities	513 422	277 174	
Financial liabilities	980 000	1 000 000	23
Bonds and notes	1 631 267	1 830 702	23
Lease liabilities	15 552	6 881	23
Derivative financial instruments	15 386	6 724	17
Pension liabilities	15 789	8 821	24
Deferred tax liabilities	914 464	1 033 091	20
Total non-current liabilities	3 572 457	3 886 218	
Share capital	4 587	4 587	21
Capital reserves	503 113	503 082	
Retained earnings	4 080 756	4 508 360	
Revaluation reserves	- 9 290	3 058	22
Total shareholders' equity	4 579 165	5 019 087	
Total liabilities and shareholders' equity	8 665 045	9 182 479	

The notes are part of these consolidated financial statements.

Consolidated cash flow statement

(in CHF 1'000)	2020	2021	Note
Net income attributable to shareholders of PSP Swiss Property Ltd	292 091	595 022	
Net changes in fair value of investment properties	- 101 578	- 464 920	13
Capitalised/released rent-free periods	1 556	- 3 121	13
Income from other property sales	0	- 9 462	6
Income from investments in associated companies	- 4	- 0	15
Capitalised own services	- 6 211	- 2 417	13
Changes in pension liabilities recorded in the statement of profit or loss	1 687	- 278	
Compensation in own shares	2 031	1 479	21
Depreciation	1 330	1 397	
Financial result	13 209	11 122	11
Income taxes	66 006	144 545	12
Changes in sites and development properties for sale	3 812	27 969	
Changes in accounts receivable	- 9 581	8 322	
Changes in contract assets	- 7 006	5 507	
Changes in accounts payable	3 532	970	
Changes in deferrals (assets)	1 320	2 739	
Changes in deferrals (liabilities)	- 3 829	18 197	
Interest paid	- 17 550	- 13 256	
Interest received	266	239	
Dividends received	0	1	
Taxes paid	- 31 315	- 26 561	
Cash flow from operating activities	209 766	297 495	
Purchases of investment properties	- 214 692	0	13
Purchases of development properties	- 146 951	0	13
Capital expenditures on investment properties	- 37 150	- 47 670	13
Capital expenditures on own-used properties	- 955	- 445	13
Capital expenditures on sites and development properties	- 95 388	- 110 046	13
Sales of investment properties	3 180	51 891	
Repayment of loans	1 275	1 226	
Investment in tangible assets	- 245	0	
Investment in intangible assets	- 34	0	18
Cash flow from investing activities	- 490 960	- 105 044	

(Continued on next page)

(Continued from previous page)

(in CHF 1 000)	2020	2021	Note
Purchases of own shares	- 2 386	- 1 510	21
Increase in financial liabilities	1 050 000	375 000	23
Repayment of financial liabilities	- 830 000	- 320 000	23
Issue of bonds and notes	562 953	440 922	23
Issue expenses of bonds and notes	- 1 052	- 1 139	23
Repayment of bond and notes	- 320 000	- 530 000	23
Amortisation of lease liabilities	- 553	- 280	23
Distribution to shareholders	- 165 107	- 167 400	31
Cash flow from financing activities	293 856	- 204 407	
Changes in cash and cash equivalents	12 662	- 11 956	
Cash and cash equivalents at beginning of period	19 673	32 335	
Cash and cash equivalents at end of period	32 335	20 379	

The notes are part of these consolidated financial statements.

Consolidated statement of shareholders' equity

(in CHF 1 000)	Share capital	Capital reserves	Own shares	Retained earnings	Revaluation reserves	Total shareholders' equity
1 January 2020	4 587	503 468	0	3 953 790	- 11 625	4 450 220
Net income attributable to shareholders of PSP Swiss Property Ltd				292 091		292 091
Changes in interest rate hedging					3 412	3 412
Changes in pension schemes					- 873	- 873
Attributable taxes					- 204	- 204
Other comprehensive income					2 335	2 335
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd	0	0	0	292 091	2 335	294 426
Distribution to shareholders				- 165 124		- 165 124
Purchase of own shares			- 2 386			- 2 386
Compensation in own shares		- 355	2 386			2 031
31 December 2020	4 587	503 113	0	4 080 756	- 9 290	4 579 165
Net income attributable to shareholders of PSP Swiss Property Ltd				595 022		595 022
Changes in interest rate hedging					7 829	7 829
Changes in pension schemes					6 690	6 690
Attributable taxes					- 2 171	- 2 171
Other comprehensive income					12 348	12 348
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd	0	0	0	595 022	12 348	607 370
Distribution to shareholders				- 167 418		- 167 418
Purchase of own shares			- 1 510			- 1 510
Compensation in own shares		- 30	1 510			1 479
31 December 2021	4 587	503 082	0	4 508 360	3 058	5 019 087

The notes are part of these consolidated financial statements.

Notes to the consolidated 2021 financial statements

1 General information

PSP Swiss Property Ltd is a public company whose shares are traded in the real estate segment of the SIX Swiss Exchange. The registered office is located at Kolinplatz 2, 6300 Zug.

PSP Swiss Property Group owns 158 office and commercial properties as well as 18 development sites and individual projects throughout Switzerland. The properties are mainly in prime locations in Zurich, Geneva, Basel, Bern and Lausanne. At the end of 2021, PSP Swiss Property had 98 employees, corresponding to 90 full-time equivalents (end of 2020: 96 respectively 89).

The consolidated 2021 financial statements are based on the annual accounts of the controlled individual subsidiaries at 31 December 2021 which have been prepared in accordance with uniform accounting policies and valuation principles.

The consolidated financial statements of PSP Swiss Property for the year 2021 were authorised for issue by the Board of Directors on 21 February 2022. The consolidated financial statements are subject to approval by the Annual General Meeting of PSP Swiss Property on 31 March 2022.

2 Summary of significant accounting policies

2.1 Accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and comply with Swiss law and the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange.

The Group's consolidated financial statements, which are drawn up on the basis of going concern values, are based on the historical cost convention, making allowances for adjustments arising from the revaluation of specific assets and financial instruments. These include, in particular, investment properties, investment properties held for sale, sites and development properties with the intention to hold (if the fair value can be reliably determined), financial investments as well as derivative financial instruments.

PSP Swiss Property decided to present a consolidated statement of profit or loss and a separate consolidated statement of comprehensive income.

The presentation of cash flows in the cash flow statement is made according to the indirect method. Interest paid and received is recorded as cash flow from operating activities.

The consolidated financial statements are prepared in Swiss francs (functional and presentation currency).

2.2 Modifications of accounting principles

The accounting policies applied are consistent with those of the previous period. The following new IFRS standards relevant for PSP Swiss Property became effective during the reporting period:

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (Phase 2)

As part of the reform of the Interbank Offered Rates (IBOR), LIBOR will be replaced by SARON in Switzerland at the end of 2021. The changes published by the IASB as part of Phase 2 of its IBOR reform project are effective for annual periods beginning on or after 1 January 2021. However, earlier application is permitted. The amendments address accounting issues related to the introduction of alternative, risk-free reference rates for financial instruments that previously used the Interbank Offered Rates (IBOR) as a reference rate.

Phase 2 focuses on issues that could impact financial reporting at the time a previously applicable benchmark interest rate is replaced by an alternative, risk-free interest rate.

PSP Swiss Property uses interest rate swaps to hedge current as well as future loans in the form of fixed advances against rising interest rates (cash flow hedges). In 2021, all swap contracts were converted to SARON. For these hedging transactions, PSP Swiss Property makes use of the relief granted and therefore continues hedge accounting unchanged. PSP Swiss Property does not incur any financial risks from the conversion of the contracts. The effect on PSP Swiss Property's financial statements is immaterial.

Apart from that, no new accounting standards relevant for PSP Swiss Property entered into force in 2021.

2.3 Critical estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain assumptions and estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. PSP Swiss Property makes estimates and assumptions concerning the future. The resulting accounting will not necessarily equal the later actual results. Those areas involving a particularly high degree of judgement or holding a particularly high degree of complexity and areas where assumptions and estimates are highly significant for the consolidated financial statements are discussed below.

Real estate valuations

As required by the Directive on Financial Reporting of the SIX Swiss Exchange combined with the “Scheme C – Real Estate Companies”, the fair value of the properties classified according to IAS 40 / IFRS 5 is assessed every six months by the external, independent valuation company (see the Property Valuation Report of the valuation company Wüest Partner on pages 94 to 101). Thereby, the appraiser has access to company information with regard to lease contracts, operating costs and investments.

The external valuations are verified internally by PSP Swiss Property by means of random checks of the input factors in the discounted cash flow (DCF) valuations, own DCF valuations, a systematic analysis of deviations from previous valuations as well as a discussion of the valuation results with the external appraiser. Furthermore, PSP Swiss Property carries out a periodic back testing of various input factors (rental income, vacancies, operating costs), which were used by the external valuation company. In addition, the valuation results are discussed in detail by the Executive Board and submitted to the Board of Directors.

For the purposes of the impairment tests, the independent appraiser also values own-used properties and development properties, which are valued at historical cost.

Income Taxes

PSP Swiss Property is subject to income taxes in a number of Swiss cantons. The calculation of provisions for income taxes (current and deferred tax liabilities) is based on the respective cantonal laws. The applied parameters (tax rates and multipliers) are checked and, if necessary, adjusted regularly. This allows the minimisation of differences between calculated taxes and the final tax assessment. Where the final tax outcome differs from the amount which was initially recorded, the difference impacts the income tax and the deferred tax provisions in the period in which such determination is made. Cantons with a monistic tax system charge a property gains tax with speculation supplements respectively deductions, depending on the effective holding period of a property. For properties held for sale, PSP Swiss Property applies the effective holding period. For all other properties the applied holding period is either 20 years or the effective holding period, if it is more than 20 years.

2.4 Related parties

In the reporting year, the Board of Directors and parties related to the Board of Directors, the Executive Board and the associated company. Details on the transactions with related parties are disclosed in note 32 on page 88 to 89.

2.5 Consolidation

Method of consolidation

Group companies are companies over which PSP Swiss Property Ltd has control. Control is presumed to exist if PSP Swiss Property Ltd is exposed to fluctuating returns from its investments in group companies, has rights to those returns and has the ability to influence those returns by means of its ability to influence the Group companies. Capital consolidation is carried out according to the “acquisition method”. Inter-company transactions and relations are eliminated on consolidation.

Associates are companies which are neither group companies nor joint ventures and in which PSP Swiss Property directly or indirectly holds between 20% and 50% of the voting rights and over which it can exercise significant influence without, however, exerting control. Associated companies are accounted for using the “equity method”.

Consolidated companies

The scope of consolidation of PSP Swiss Property includes the financial statements of the holding company PSP Swiss Property Ltd as well as all its group companies as at 31 December of the respective financial year. The companies listed in the following table are fully consolidated in the financial statements.

(in CHF 1 000)	Registered office	Share capital 2020	Ownership 2020	Share capital 2021	Ownership 2021
Directly held investments					
PSP Participations Ltd	Zug	1 000 000	100%	1 000 000	100%
Indirectly held investments					
PSP Group Services Ltd	Zurich	100	100%	100	100%
PSP Real Estate Ltd	Zurich	50 600	100%	50 600	100%
PSP Management Ltd	Zurich	100	100%	100	100%
PSP Properties Ltd	Zurich	9 919	100%	9 919	100%
Immobilien-gesellschaft Septima AG	Zurich	5 700	100%	5 700	100%
SI 7 Place du Molard Ltd	Zurich	105	100%	105	100%

There are no minority interests in any group company. Furthermore, there are no restrictions on the use of the group companies' funds or assets.

2.6 Accounting and valuation principles

Real estate income and expenses

Rental income comprises rental income after deduction of vacancy losses, rent reliefs, write-offs of defaulting tenants and other income. Income from operating-leasing activity is recognised in the income statement when the rent is due. Where significant rent incentives are granted to tenants (e.g. rent-free periods or step-up rents), the equivalent value of the incentive is recognised on a straight-line basis over the entire term of the lease as an adjustment to rental income. Rent reliefs in connection with Covid-19 are recorded if they have been agreed or if a corresponding law would come into force.

At two properties (see Property details, footnote 5, pages 228 to 239), PSP Swiss Property is lessee of building rights. At one property, PSP Swiss Property is lessor of a building right. The building right contracts are accounted for in accordance with the requirements of IFRS 16.

Direct real estate expenses consist of operating expenses for properties as well as maintenance and renovation expenses. Maintenance expenses do not count as value-enhancing capital expenditures (see section on acquisition costs on page 50) and are therefore charged to the income statement.

Revenue

Revenue is recognised in the financial statements of PSP Swiss Property according to the requirements of IFRS 15. They are shown in the positions “Income from sites and development properties earmarked for sale”, “Income from other property sales”, and “Other income” and are related to trading with properties and intercompany services.

Income from sites and development properties earmarked for sale (inventories)

For PSP Swiss Property, the sale of sites and development properties means, especially, the sale of condominiums or complete building projects with a comparable performance obligation. The performance obligation and the corresponding revenue recognition with regard to condominiums usually starts at the time of the notarisation of the purchase agreement for a specific object and there is sufficient evidence that the agreement with the buyer will be fulfilled by both sides with a high degree of probability. At that point, it is impossible for PSP Swiss Property to offer the buyer a different object without breaking the existing agreement. From this point in time, revenue is recognised pro rata according to the percentage of completion of the entire building project (PoC). For its calculation, an input-based method is applied. The percentage of completion is determined based on the proportion between accrued costs and the estimated overall development costs. The pro rata income from fulfilled performance obligations is accumulated in the position “Contract-based assets”.

A condominium is considered as 100% completed at the time of the transfer of ownership, and the income from the individual unit which has not been recognised yet at that time, is fully realised. Generally, 20% of the sales price is due at the time of the notarisation. At the transfer of ownership, the entire purchase price has to be paid.

Income from other property sales

Income from other property sales corresponds to the difference between the net proceeds achieved and the last reported market value of the corresponding investment properties. The result is fully recognised at the time of the transfer of control (usually upon transfer of ownership).

Revenue from services

PSP Swiss Property only generates revenue from intercompany services. This revenue includes on the one hand, management fees, fees for billing of heating and ancillary costs and fees for construction services, on the other hand, fees for intercompany group-services. These fees are all charged and recorded according to transfer of services and are shown under the items Property management services and Other income in the segment information.

Income from investments in associated companies

Income from investments in associated companies includes the proportional income from the respective participations.

Capitalised own services

Capitalised own services arising from the development of own projects and trading activities are valued at production costs.

Other income

Other operating income includes on the one hand non-period income in connection with the VAT contribution tax due to the voluntary opting-in of rental agreements, and on the other hand income from construction and trading activities as well as management fees from services related to the management of the Group's own real estate portfolio.

Interest expenses

Interest expenses are accrued using the effective interest rate method and charged directly to the income statement (Financial expenses). The treatment of capitalised construction interest is described in the section on "Acquisition costs" on page 50.

Investment properties

Investment properties are properties held to earn long-term rental income and for capital appreciation. They are reported under non-current assets. New acquisitions are recorded at acquisition cost (including transaction costs). After initial recognition, investment properties are carried at fair value. Fair values are determined semi-annually by an external, independent property valuation company. The valuations are based on the discounted cash flow method according to the "Highest and Best Use" concept of IFRS 13. Change in market value or the difference between the acquisition value at initial valuation is recognised in the income statement.

Investment properties held for sale

Investment properties held for sale are valued and recorded like other investment properties. However, investment properties held for sale, which fulfill the criteria of IFRS 5, are reported separately under "Current assets" in accordance with IFRS 5.

Own-used properties

In accordance with IAS 16, own-used properties are carried at historical cost and depreciated over their useful economic life, broken down into significant components. The depreciation period (straight-line method) is 40 years for buildings and 20 years for operating equipment (such as air conditioning, elevators, ventilation, etc.). Associated land is not depreciated. In the case of partial own-use of a property, an area share of less than 25% is considered insignificant, with the result that the entire property is reported in the balance sheet as an investment property at fair value.

Sites and development properties

Sites and development properties are building land, sites and development properties that are held with the intention of developing them as part of a project and making them usable as investment properties. This also includes replacement buildings for existing investment properties. In accordance with IAS 40, these are reported at fair value, provided that the market value can be determined with sufficient reliability. PSP Swiss Property generally assumes that a reliable determination of fair value within the meaning of IFRS 13 is possible from the time a concrete project is available with a corresponding building permit and construction approval by the Executive Board. Changes in valuation are recognised in the statement of profit or loss from this date. Until the conditions for a reliable determination of fair value are met, valuation during the development phase is carried out at historical cost.

Sites and development properties earmarked for sale (inventories)

The treatment of sites and development properties built for sale are carried out in accordance with IAS 2 (Inventories). They are reported in the balance sheet at historical costs or any lower realisable net value. This corresponds to the estimated sales price, less expected investments and sales costs until the sale. The net value is determined by the independent appraiser using the discounted cash flow method (DCF). The sale of such properties is realised and presented on a gross basis in the income statement in accordance with IFRS 15. In the cash flow statement, these sales are shown under “Cash flow from operating activities”.

Acquisition costs

All costs directly related to the acquisition or construction of properties as well as subsequent value-enhancing investments are considered acquisition costs and are capitalised. Value-enhancing investments are capitalised at different rates depending on their ability to be capitalised. In individual cases, the capitalization rate can be up to 100%. Interest expenses are for the financing of development properties and for renovations of investment properties and are relieved under financial expenses. The applied interest rate is determined periodically based on PSP Swiss Property’s debt financing structure; in the reporting year, it was 0.5% (previous year: 0.8%).

Associated companies

Investments in associated companies are recorded as a proportion in the underlying equity according to the equity method. They are carried on the balance sheet at historical cost plus post-acquisition changes in PSP Swiss Property’s share of net assets of the associates, less any impairment in value. The income statement reflects PSP Swiss Property’s share of net results of these associates.

Financial investments

Financial investments are classified in accordance with IFRS 9 “at fair value through profit or loss” and are recognised according to the trade-date principle. Financial investments are recognised at fair value upon acquisition and in subsequent valuations. The fair value of listed financial investments corresponds to the bid price on the balance sheet date. Changes in fair value are recorded directly in equity, taking deferred taxes into account. Upon disposal, the resulting income remains in shareholders’ equity and is not transferred to the income statement. Dividends from financial investments are recorded in the income statement as soon as the Group has a claim to the dividends. The fair value of unlisted financial investments is equal to the Group’s share of equity, provided that this can be regarded as a reasonable approximation of fair value.

Accounts receivable

Accounts receivables are reported at amortised cost. For short-term receivables, this generally corresponds to the nominal value. Impaired receivables are assessed individually and written down accordingly (see section “Impairment” on pages 52 to 53).

Derivative financial instruments

Derivative financial instruments are measured at fair value at the time of acquisition and subsequently value at fair value. The fair values of these derivatives cannot be derived directly from a published source. Instead, they are determined by discounting future cash flows using published interest rates. These are calculated by the relevant banks and plausibility checked by PSP Swiss Property.

Derivative financial instruments are only used for hedging purposes (interest rate swaps). Interest rate payer swaps are used to hedge future cash flows. The interest rate receiver swaps are used in conjunction with fixed credit positions to synthetically map variable loans.

Changes in the fair value of derivatives that are effective hedges of future cash flows are recognised in equity as revaluation reserves. The amounts held in these reserves are transferred to the statement of profit and loss when the hedged cash flows affect the income statement. When a hedging instrument matures or is sold, or when the hedge no longer meets the criteria of IFRS 9, the amounts accumulated in the revaluation reserves remain in equity until the hedged cash flows affect the statement of profit and loss. However, if a future cash flow is no longer expected to occur, the amount accumulated in equity is released to the statement of profit and loss. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit and loss.

The Group documents at the inception of the transaction the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategies for undertaking the hedge. The Group periodically tests the effectiveness of the hedging instrument to determine whether it is highly effective. The risk management effect is still present in order to achieve an effective balancing of risks.

Intangible assets (software)

Software is carried at acquisition or production cost, less any necessary depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of five years.

Tangible assets

Tangible assets are reported at acquisition or production cost, less any necessary depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of five years.

Right-of-use assets

Right-of-use assets are accounted for in accordance with the requirements of IFRS 16. They only include building right contracts which are related to investment properties according to IAS 40 and are therefore valued using the same valuation method as the investment properties. All building lease contracts are linked to the Land Index for Consumer Prices (LIK). Changes in the index are recorded prospectively. Changes in the value of right-of-use assets are recorded in the net changes in fair value of real estate investments. Right-of-use assets are valued semi-annually and reviewed in each quarter for possible substantial changes in value.

Taxes

The tax expenses include current and deferred income taxes. They are recognised in the statement of profit and loss, with the exception of income taxes on transactions recognised directly in equity. In these cases, income taxes are also recognised in equity. Current income taxes comprise the expected tax payable on the taxable result, calculated at the tax rates applicable on the balance sheet date, property gains taxes on property sales, and adjustments to tax liabilities or assets from previous years.

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes are recognised wherever temporary differences exist between the values recognised in the tax accounts and the consolidated balance sheet values. Deferred taxes are calculated on the basis of local tax rates and tax laws that were in force or had been enacted by the balance sheet date and are expected to apply when a deferred tax asset is realised or a deferred tax liability is released.

The deferred tax rates applied to unrealised gains on real estate holdings take into account the intended holding period of the properties, as far as the tax rate is influenced by the holding period of the properties. For cantons with a dualistic system, the expected income tax rates are applied. For cantons with a monistic system, there is a separate real estate gains tax with speculation surcharges or deductions for length of ownership depending on the holding period. For properties held for sale, the effective holding period applies. For all other properties, the effective holding period is 20 years, or the effective holding period if it is more than 20 years. Tax-deductible loss carryforwards are only recognised as deferred tax assets if it is probable that they can be utilised in the future by offsetting against taxable income.

Tax assets and liabilities

Current tax assets and liabilities include income taxes (from previous years and the reporting year), which are calculated and deferred in the consolidated financial statements. Tax asset are reported under current assets, tax liabilities are reported under current liabilities.

Cash and cash equivalents

Cash and cash equivalents are carried at nominal value; they include cash, postal accounts and bank deposits.

Impairment

The value of tangible assets not carried at fair value (including own-used properties and development properties at cost) and intangible assets with limited useful lives is reviewed at least every six months. If a book value exceeds the realisable value, an impairment loss is recognised to the value in use or to the value that appears recoverable based on the discounted expected future income (fair value less costs to sell).

Sites and development properties held for sale are reported in the balance sheet at historical cost or at a lower realisable net value, if lower. This corresponds to the estimated sales price, less expected investments and sales costs up to the sale, and is determined by the independent property valuer using the discounted cash flow method (DCF).

Financial assets are reviewed for impairment at each balance sheet date based on special indicators. Financial assets are impaired if there is objective evidence that future cash flows have changed negatively.

In the case of cash and cash equivalents, rent receivables and loans, objective indications of impairment may exist in the following cases: i) significant financial difficulties of the issuer or the counterparty, ii) default or delay in interest and/or capital payments and iii) probability that the counterparty will become insolvent. Receivables from leases are generally due on the first day of the month or quarter. Receivables from service charge settlements are due 30 days after the invoice date. No interest is charged for overdue receivables. Receivables that are more than 90 days overdue are written off individually. The value adjustment for expected losses is based on an individual assessment, taking into account any existing collateral (e.g. rent deposits) and also takes into account corresponding historical experience and the creditworthiness of the counterparty.

Own shares

Own shares are offset against shareholders' equity at acquisition cost. The proceeds received from the sale of own shares are credited directly to shareholders' equity (capital reserves).

Reserves

The item revaluation reserves includes in particular the change in value (after tax) of derivative financial instruments held for cash flow hedging purposes, the actuarial gains and losses of the pension fund in accordance with IAS 19 and revaluations in connection with changes in the use of real estate as defined in IAS 40, paragraph 61. Revaluation reserves are not at the Company shareholders' disposition.

The capital reserves primarily result from a capital increase following a previous merger and from changes from trading in own shares.

Retained earnings include undistributed earnings and realised gains and losses of financial investments classified as "at fair value through comprehensive income".

Financial liabilities

Short- and long-term financial liabilities in the form of bank loans and any bank debt in the form of current account overdrafts are recognised at amortised cost. Short-term financial liabilities have a maximum term of one year.

Lease liabilities

Leasing liabilities are recognised in accordance with the requirements of IFRS 16. Since the interest rate implicit in the lease cannot be readily determined, the present value of the future payment obligations is discounted the lessee's incremental borrowing rate. Short-term leases with a term of less than twelve months and leases for which the underlying asset is of low value are not recognised in the balance sheet and the resulting cash flows are recognised as an expense on a straight-line basis over the term of the lease.

Bonds and notes

Bonds and notes are initially recognised at the consideration received, net of transaction costs. In subsequent periods, they are measured at amortised cost (effective interest method). The difference between the consideration received and the redemption amount is amortised over the lifetime of the bond.

Pension liabilities

Accounting and valuation method for pension liabilities

Benefits following the termination of a work contract include employee pension benefits. These are part of defined benefit pension plans. These are classified either as defined benefit plans or defined contribution plans.

The defined benefit obligations are calculated annually by an independent actuary using the projected unit credit method. Accordingly, the value of pension obligations at the valuation date is equal to the present value of the pension entitlement acquired up to the reporting date, taking into account the duration of insurance, the expected salary on occurrence of the insured event, the periodic adjustment of current pensions and other parameters.

The actuarial assumptions underlying the calculations are based on the expectations at the closing date for the period over which the obligations are to be fulfilled. Pension assets in Switzerland are managed in a foundation separated from the employer. The assets of the plans are accounted for at fair value. An over-funding can only be capitalised at the present value of the future contribution relief.

Actuarial gains and losses arise from changes in previous assumptions, deviations between actual and projected income from plan assets as well as differences between actually acquired benefit claims and claims as projected according to actuarial assumptions. These are recorded under "Other income".

The pension costs are to be recognised in the income statement. Extraordinary events, such as changes in pension schemes which change employee claims, or plan curtailments or plan settlements are immediately recorded in the statement of profit or loss.

Description of pension schemes and pension institutions

PSP Swiss Property has joined a collective foundation for occupational benefits and forms its own pension institution. All employees and pensioners are covered by various pension plans. The collective foundation has its own legal personality in the form of a foundation. Its goal is to provide benefits for the employees in the case of retirement or disability as well as these employees' dependents after their death. The pension schemes exceed the minimum legal provisions in the case of disability, death, old age and contract termination. The risk benefits are determined dependent on the insured salary. The old-age pension is determined according to the projected accrued savings capital (including interest) as well as a conversion rate. The retirement pension results from the savings capital available at the time of retirement and the then applicable conversion rate.

Responsibilities of the employer respectively the foundation board

The foundation board is the foundation's supreme body. Among other things, the foundation board determines possible pension plans, their financing as well as investments. It is responsible for the guidance, supervision and control of the management of the respective collective institutions.

Each pension institution has its own equally represented body. This consists of an equal number of employer and employee representatives, which also applies to PSP Swiss Property. Among other things, the equally represented body issues the pension plan, which in particular describes the nature and extent of the pension benefits and contributions, as well as other regulations specific to the pension scheme.

Special situations

According to the pension plan regulations, the foundation is required to take steps to remedy any instances of insufficient coverage. These measures must be appropriate to the degree of under-funding and be part of a balanced overall concept. They must also be capable of remedying the plan deficit within a reasonable period of time.

If other measures do not solve the problem, the employer and employees may make contributions to remedy the deficit while the plan is underfunded. The contributions made by the employer must be at least as large as the sum of the contributions made by the employees. Should this also prove to be insufficient, the foundation may pay not more than 0.5% less than the minimum interest rate as per art. 15 of the BVG for the duration of the underfunding for a period of not more than five years.

Financing agreements for future contributions

Occupational pension schemes (BVG – Switzerland's federal law on occupations retirement for old-age, dependents and disability with its corresponding ordinances) provide for a minimum of pension benefits at retirement. Legislation requires a minimum of annual contributions. However, employers are allowed to pay higher contributions than those stipulated by law. These contributions are laid down in the pension plans/regulations. In addition, employers are also allowed to make one-off payments or advance payments to the pension institutions, usually as an employer contribution. These contributions may not be repaid to the employer. The employer may, however, use them to pay future employer's contributions (employer contribution reserves).

Even in the case of over-funding, the law requires a minimum of annual contributions. Both the employer and employees must make contributions for those still at work. The employer's contribution must be at least as high as the employees' contributions. The annual contributions depend on the insured person's age and insured salary. They are recorded in the pension plans/regulations.

If an insured person leaves his or her employer before reaching the retirement age, he receives a termination benefit (accrued savings capital). This capital is transferred by the pension institution to the new employer's pension institution.

Provisions

Provisions are made when a legal or factual obligation arises from prior events which is likely to entail an outflow of funds. The amount of provisions made corresponds to the best possible evaluation of the obligation at the time.

Performance-based remuneration in shares for the Executive Board

The Members of the Executive Board receive a performance-based remuneration in company shares with a contractual blocking period of three years – the CEO at 100%, the other Members basically at 50% (there are no further limitations or conditions). Allocation of shares is according to market prices.

According to IFRS 2, the amount related to the allocation of the shares is fully charged to personnel expenses in the corresponding business year.

3 Risk management

3.1 Basis

Great importance is attached to the identification, measurement and control of risks. The Board of Directors and the Executive Board have compiled a list of all relevant risk factors that could lead to unexpected fluctuations in results or to a loss of shareholders' equity. Recommendations for risk control measures are derived from the results. Certain risks are also identified as opportunities. The aim is to find an appropriate balance between the possible resulting losses and the potential gains. Risks that predominantly represent a potential loss are minimised.

The scenario analysis is complemented by stress tests, which quantify the consequences of extremely unfavourable events. All risks that could jeopardise the normal continuation of the company's business as a going concern are strictly avoided. Catastrophic scenarios relating to a widespread collapse of economic activity are discussed, but do not form the basis for risk management.

A risk report is submitted to and discussed by the Board of Directors every six months.

The most important risks are associated with:

- Real estate market risk
- Financial risk:
 - Credit risk
 - Liquidity risk
 - Market risk
 - Equity risk

3.2 Real estate market risks

General economic development and structural changes are the main factors which affect the general and specific development of supply and demand on the office and commercial real estate market; these, in turn, influence the level of rents and the risk of vacancies. Furthermore, capital and financial markets impact yield expectations of real estate investors (discount rate). These risks are addressed by appropriate selection and diversification with regard to properties and tenants, by adjustments to the lease expiry profile and by keeping properties attractive.

Within the framework of its periodic property valuations, PSP Swiss Property checks the external, independent valuation company's valuations using an internal DCF model and according to its own experience with regard to market rents, maintenance and renovation expenses, lengths of vacancies, yield expectations of investors, realised property sales prices and so on. What is important in this comparison is the quantification of sensitivities with regard to critical determinants, rather than the comparison of absolute values. By means of scenario analyses, the impact of changing environmental factors, which are economically consistent, is checked regularly. In most scenarios there are compensating effects of various factors; consequently, property values are more stable than generally assumed. The worst scenario is a deflationary one which lasts several years.

Various tables in this annual report give important indications for judging the diversification of property risks, such as the development of rental income and vacancy rates according to regions (pages 226 to 227), the lease expiry profile or the tenant structure (pages 242 to 243). This information shows that PSP Swiss Property has a well-diversified and balanced portfolio within its defined strategy.

With regard to possible changes in the market environment, there is sensitivity in particular related to discount rates. Changes in market value due to changes in the discount rate were as follows (average discount rate for the entire portfolio, approximate calculation, without building rights):

Average weighted discount rate (nominal)	Change market value in %	Change market value in CHF 1 000	Market value in CHF 1 000
3.41%	- 14.4%	- 1 292 890	7 705 880
3.31%	- 11.2%	- 1 006 250	7 992 520
3.21%	- 7.7%	- 697 370	8 301 400
3.11%	- 4.0%	- 362 760	8 636 010
3.01% (Valuation as of 31 December 2021)	0.0%	0	8 998 770
2.91%	4.4%	395 710	9 394 480
2.81%	9.2%	828 090	9 826 860
2.71%	14.5%	1 304 120	10 302 890
2.61%	20.3%	1 829 390	10 828 160

An increase respectively decrease of the market rents (price level) on which the estimates are based for all properties by 4% would result in an appreciation respectively depreciation of the entire portfolio of approximately CHF 440 million at most (2020: CHF 410 million; assumption: all other valuation variables remain unchanged). This would result in a change in the Company's net income of +/- CHF 361 million (2020: CHF 334 million).

An increase in the structural vacancy rates on which the estimates are based for all properties from 5.1% to 8.1% (2020: from 5.1% to 8.1%) would result in a depreciation of the entire portfolio of approximately CHF 360 million at most (2020: CHF 330 million; assumption: all other valuation variables remain unchanged). This would have the following impact on the Company's results:

- Change in net income: approximately CHF 296 million (2020: CHF 269 million)
- Change in net income excluding gains/losses on real estate investments: no impact (2020: no impact)

The Board of Directors has established the following unchanged diversification guidelines for investment activity:

- The potential income per individual property shall represent a maximum of 10% of overall potential rent of the existing real estate portfolio.
- The potential income to be generated from properties categorised under "Other locations" shall represent a maximum of 30% of overall potential rent for the existing real estate portfolio.
- Reported historical cost of "Sites and development properties" shall represent a maximum of 10% of the overall portfolio value.

All the guidelines established by the Board of Directors were fulfilled as at 31 December 2021 and 31 December 2020.

3.3 Financial risks

Financial risk management is governed by guidelines set by the Board of Directors regarding the capital structure and the term structure of interest rates. The Board of Directors has defined the following guidelines for financial risk management:

- Interest-bearing debt shall not exceed 50% of the balance sheet total.
- Financial debt with floating rates shall not exceed 20% of the value of the real estate portfolio.
- A balanced distribution of maturities for fixed interest rates is aimed for.
- The interest coverage ratio (ebitda excluding gains/losses on real estate investments / net financial expenses) shall amount to a minimum of 2.0.

All the guidelines established by the Board of Directors were fulfilled as at 31 December 2021 and 31 December 2020.

3.4 Credit risk

Credit risks arise if clients do not meet their obligations towards PSP Swiss Property. Furthermore, credit risks may arise from active financial positions (derivative financial instruments, cash and cash equivalents, fixed-term deposits and tenants' receivables as well as tenant loans).

PSP Swiss Property has a broadly diversified tenant base. Creditworthiness is critically checked and documented by the property management before signing contracts, based on standard market data sources. In general, tenant deposits or bank guarantees of between 3 and 6 gross monthly rents are required for rental agreements. As at the end of 2020, PSP Swiss Property had no significant concentrations of credit risk from receivables as at the end of 2021 (see also the tenant structure on page 243). The default rate in the reporting year was 0.1% (previous year: 1.2%). Overall, the credit risk for receivables from tenants continues to be classified as low. The receivables include individual tenant loans. The largest individual position at the end of 2021 was CHF 1.8 million due from a global company (end of 2020: CHF 2.1 million). There are no indications of a default risk.

Our efforts to work with first-class banking institutions ensure that positive fair value receivables from derivative financial instruments (interest rate swaps) as well as cash and cash equivalents and fixed-term deposits are exposed to only minor credit risks. Creditworthiness considerations play an important role both in selecting these institutions and in continuous monitoring. The three largest institutions all had at least an "A" rating (S&P) or "A1" rating (Moody's) at the end of 2021. Together they covered CHF 0.9 million or 100% of all positive derivative financial instruments at the end of 2021 (end of 2020: CHF 1.7 million or 100%) and CHF 11.8 million or 57.8% of all cash (end of 2020: CHF 20.7 million or 64.1%).

3.5 Liquidity risk

The capital and financial markets influence the Group's ability to raise funds. Careful liquidity risk management includes keeping sufficient cash and cash equivalents available and the availability of financing through committed credit lines of an appropriate volume. In addition, the liquidity risk is addressed by an appropriate selection and diversification of financing sources.

Together with PSP Swiss Property's accounting and operating units, Corporate Treasury carries out continuous liquidity planning, which ensures the Company's solvency at all times by taking into account recurring rental income, planned investments and forthcoming interest and dividend payments.

PSP Swiss Property aims to have available liquidity (cash and cash equivalents plus available credit lines) of at least CHF 100 million at all times. At the end of 2021, cash and cash equivalents amounted to CHF 20.4 million (end of 2020: CHF 32.2 million). At the same time, PSP Swiss Property had unused credit lines of CHF 980 million (end of 2020: CHF 960 million), of which CHF 700 million were committed credit lines (end of 2020: CHF 700 million).

The following liquidity-related information required by IFRS 7 is relevant for PSP Swiss Property:

- Credit lines: At the end of 2021, committed credit lines amounted to CHF 1.68 billion; thereof CHF 0.03 billion was subject to short-term notice (end of 2020: CHF 1.63 billion, no credit lines subject to short-term notice).
- Financing sources: PSP Swiss Property has bilateral business relations with 11 Swiss banks. In addition, there is a syndicated loan with 11 Swiss cantonal banks. Furthermore, access to the money and capital markets is generally open.

3.6 Market risk

Interest rate risk

Scenario analysis is used to optimise the fixed interest period. This takes into account the exact maturity structure of the existing rental agreements, the intended property purchases and sales, and the development of market rents, inflation and interest rates. This optimisation does not necessarily lead to an equation of the average liability duration with that of the contractually agreed rental income. In view of its conservative attitude towards financial risks, PSP Swiss Property generally hedges interest rates in unclear cases by means of interest rate swaps and forward starting interest rate swaps, even if this may result in higher overall financing costs. In order to minimise interest rate risks, financial debt with variable interest rates should not exceed 20% of the real estate portfolio value.

PSP Swiss Property is financed through long-term capital market bonds, notes and bank loans (fixed advances on a variable basis as well as fixed loans). Fixed advances are mainly hedged with interest rate swaps or forward starting interest rate swaps (cash flow hedges) for several years. Hedging is carried out on a rolling basis. All hedging transactions are carried out with first-class banking institutions, all of which have at least an "A" (S&P) or "A1" (Moody's) rating. There are no significant counterparty and bulk risks.

Based on the financial liabilities as of 31 December 2021 with interest rates fixed for less than twelve months, a change in interest rates of 50 basis points (assuming all other variables remain unchanged) would result in a change in annualised interest costs of approximately CHF 1.1 million (2020: CHF 2.4 million). This would have the following impact on the results:

- Change in net income: CHF 1.0 million (2020: CHF 2.0 million)
- Change in net income excluding gains/losses on real estate investments: CHF 1.0 million (2020: CHF 2.0 million)
- Change in shareholders' equity (retained earnings): CHF 1.0 million (2020: CHF 2.0 million)

An interest rate change of 50 basis points would have the following effects on the valuation of the existing interest rate swaps and would be fully recognised in shareholders' equity (assuming all other variables remain the same):

- Change in net income: no impact (2020: no impact)
- Change in net income excluding gains/losses on real estate investments: no impact (2020: no impact)
- Change in comprehensive income: CHF 4.8 million (2020: CHF 5.5 million)
- Change in shareholders' equity (revaluation reserves): CHF 4.8 million (2020: CHF 5.5 million)

Overall, the financing structure as at 31 December 2021 can be described as well hedged.

Equity market risk

PSP Swiss Property has no financial investment which is exposed to equity market risk.

Currency risk

Due to the fact that PSP Swiss Property is only active in the Swiss property market, there is no currency risk.

3.7 Equity risk

PSP Swiss Property pursues a conservative equity policy. In particular, care is taken to ensure that there is sufficient room for manoeuvre in any economic situation and that dependence on individual banking institutions remains limited. Equity risk management is controlled by the equity ratio respectively the ratio of interest-bearing debt to total assets.

The optimisation of the equity base or capital structure includes the distribution policy, possible repurchases or issues of own shares or sales of non-strategic properties.

With shareholders' equity of CHF 5.019 billion at the end of 2021 (end of 2020: CHF 4.579 billion) – corresponding to an equity ratio of 54.7% (end of 2020: 52.8%) – PSP Swiss Property has a strong equity base. At the end of 2021, interest-bearing liabilities amounted to CHF 3.013 billion or 32.8% of total assets (end of 2020: CHF 3.057 billion or 35.3%). The remaining 12.5 percentage points (based on total assets) are mainly deferred taxes which do not trigger any interest charges.

4 Segment reporting

Segment reporting was prepared in accordance with IFRS 8 (Operating Segments).

The consolidated results are presented by segments which are based on the Group's internal reporting and organisational structure. Presentation according to segments shall make earnings power as well as the financial situation of the Group's individual activities more transparent.

The Executive Board has determined the operating segments based on the reports which are reviewed by the strategic steering committee and which are used to make strategic decisions.

As of 31 December 2021, the Group was, as in the previous year, organised according to the following three business units:

- Real estate investments: This segment includes the real estate business. It comprises all properties of the Group (investment properties, investment properties earmarked for sale, own-used properties, sites and development properties as well as development projects earmarked for sale). Income in this segment is generated by the properties (mainly rental income and net changes in fair value).
- Property management: This segment includes all services and activities with regard to the management of the Company's own real estate portfolio. Income in this segment is generated by providing the above-mentioned property management services to the other segments.
- Holding: This segment includes the traditional corporate functions (finance, legal, corporate communications, human resources and information technology). Income in this segment is generated by providing the (exclusively internal) mentioned services to the other segments.

For the management of the Company, the Group is divided into three business segments based on the products and services offered. The Executive Board monitors the operational results down to the level of operational income separately for each business segment in order to decide on the distribution of resources and to assess earnings power.

Earnings are determined and the valuation of assets and liabilities is made according to the same principles as in the Group financial statements.

PSP Swiss Property generates income through Real Estate Management and the disposal of properties earmarked for sale. Revenue is recognised according to the accounting principles described in "article 2.6" and is shown in the positions "Rental income", "Income from property sales (inventories)", "Property management services" and "Other income".

Segment information 2020

(in CHF 1 000)	Real Estate Invest- ments	Property Manage- ment	Holding	Subtotal	Elimina- tions	Total Group
Rental income	297 968			297 968	- 1 694	296 274
Net changes in fair value of real estate investments	101 578			101 578		101 578
Income from property sales (inventories)	46 665			46 665		46 665
Expenses from sold properties (inventories)	- 30 850			- 30 850	300	- 30 550
Income from investments in associated companies		4		4		4
Property management services		13 953		13 953	- 13 953	0
Capitalised own services		2 689	3 522	6 211		6 211
Other income	6 356	1 084	20 505	27 945	- 21 589	6 356
Total operating income	421 717	17 730	24 027	463 473	- 36 935	426 538
Real estate operating expenses	- 24 566			- 24 566	13 953	- 10 613
Real estate maintenance and renovation expenses	- 16 188			- 16 188	784	- 15 404
Personnel expenses		- 12 505	- 8 098	- 20 603	100	- 20 503
Fees to subcontractors		- 33		- 33		- 33
General and administrative expenses	- 20 683	- 5 200	- 3 565	- 29 448	22 099	- 7 349
Depreciation	- 755	- 575		- 1 330		- 1 330
Total operating expenses	- 62 192	- 18 313	- 11 663	- 92 168	36 935	- 55 232
Operating profit (ebit)	359 525	- 583	12 364	371 306		371 306
Financial income						266
Financial expenses						- 13 475
Profit before income taxes						358 097
Income taxes						- 66 006
Net income attributable to shareholders of PSP Swiss Property Ltd						292 091
Income with third parties	349 295			349 295		349 295
Income with other segments	1 694	17 725	24 027	43 446	- 37 235	6 211
Total revenue	350 988	17 725	24 027	392 741	- 37 235	355 506
Assets	8 625 204	10 508	49 137	8 684 849	- 19 803	8 665 045
Liabilities	4 071 215	15 876	18 592	4 105 683	- 19 803	4 085 880
Capital expenditures	172 847	278		173 125		173 125
Associated companies		76		76		76

The Real Estate Investments Segment exclusively invests in commercial properties.

As PSP Swiss Property is exclusively active in Switzerland, no geographical segment information is disclosed.

Segment information 2021

(in CHF 1 000)	Real Estate Invest- ments	Property Manage- ment	Holding	Subtotal	Elimina- tions	Total Group
Rental income	311 474			311 474	- 1 836	309 638
Net changes in fair value of real estate investments	464 920			464 920		464 920
Income from property sales (inventories)	65 675			65 675		65 675
Expenses from sold properties (inventories)	- 46 024			- 46 024	408	- 45 616
Income from other property sales	8 409			8 409	1 053	9 462
Income from investments in associated companies		0		0		0
Property management services		14 713		14 713	- 14 713	0
Capitalised own services		2 417		2 417		2 417
Other income	2 549	1 436	23 285	27 270	- 24 716	2 554
Total operating income	807 003	18 566	23 285	848 854	- 39 804	809 050
Real estate operating expenses	- 25 856			- 25 856	14 713	- 11 143
Real estate maintenance and renovation expenses	- 18 225			- 18 225	731	- 17 494
Personnel expenses		- 11 604	- 8 507	- 20 111	100	- 20 011
Fees to subcontractors		- 34		- 34		- 34
General and administrative expenses	- 22 984	- 5 475	- 4 083	- 32 542	24 260	- 8 282
Depreciation	- 780	- 617		- 1 397		- 1 397
Total operating expenses	- 67 845	- 17 731	- 12 590	- 98 166	39 804	- 58 362
Operating profit (ebit)	739 158	835	10 695	750 688		750 688
Financial income						240
Financial expenses						- 11 362
Profit before income taxes						739 566
Income taxes						- 144 545
Net income attributable to shareholders of PSP Swiss Property Ltd						595 022
Income with third parties	377 862	5		377 867		377 867
Income with other segments	1 836	18 561	23 285	43 682	- 41 265	2 417
Total revenue	379 698	18 566	23 285	421 549	- 41 265	380 284
Assets	9 154 911	7 418	24 853	9 187 182	- 4 702	9 182 479
Liabilities	4 144 454	7 627	16 015	4 168 095	- 4 702	4 163 393
Capital expenditures	187 258	56		187 314		187 314
Associated companies		76		76		76

The Real Estate Investments Segment exclusively invests in commercial properties.

As PSP Swiss Property is exclusively active in Switzerland, no geographical segment information is disclosed.

5 Rental income

(in CHF 1 000)	2020	2021
Potential rent	326 076	339 050
Vacancy	- 18 982	- 21 944
Rent reliefs	- 4 634	- 3 720
Write-offs of defaulting tenants	- 2 396	- 955
Income from electricity sale	296	240
Other income	- 4 086	- 3 033
Total rental income	296 274	309 638

In the reporting period, rent of CHF 3.7 million (2020: CHF 4.6 million) was waived in connection with the Covid-19 lockdown. Rent reductions are recorded if they have been agreed. No value adjustment was made for other future rent reductions.

The following accumulated rental income will result from fixed-term lease contracts open as at the respective year-ends:

(in CHF 1 000)	31 December 2020	31 December 2021
Rental income < 1 year	248 077	242 460
Rental income 2 to 5 years	522 213	508 022
Rental income > 5 years	177 070	175 797
Accumulated future rental income	947 359	926 278

Lease contracts for commercial properties usually include an index clause, whereby rents can be raised on the basis of the consumer price index. The vast majority of new contracts usually contain a clause for a 100% adjustment to the index; over the entire portfolio, 75.7% of contracts have a clause for a 100% indexation (end of 2020: 74.3%). At the end of 2021, the average remaining weighted duration for all leases was 4.0 years (2020: 4.1 years).

6 Income from other property sales

The following figures refer to disinvestments of investment properties.

(in CHF 1 000)	2020	2021
Sales proceeds	3 590	51 983
Transaction costs	- 410	- 92
Carrying value of sold properties	- 3 180	- 42 429
Total income from property sales	0	9 462

The income from other property sales in the reporting year resulted mainly from the sales of the investment properties for sale in Zurich, Schaffhauserstr. 611 and Locarno, Via Respini 7/9, as well as a partial sale of the investment property in Wabern, Gurtenbrauerei 32/37 (previous year: sale of a parking lot and reversion of a property).

7 Other income

(in CHF 1 000)	2020	2021
VAT recovery	6 356	2 549
Other income	0	5
Total other income	6 356	2 554

The voluntary opting of several rental contracts (VAT recovery) resulted in an income of CHF 2.5 million in the reporting year (2020: CHF 6.4 million).

8 Real estate operating expenses

(in CHF 1 000)	2020	2021
Taxes and fees	3 539	3 673
Insurance fees	1 842	2 252
General operating expenses	2 322	2 042
Letting expenses	1 351	1 333
Expenses for caretakers	817	874
Administrative expenses	404	610
Utilities and waste management	569	572
Ancillary expenses received	- 231	- 214
Total real estate operating expenses	10 613	11 143

Operating expenses for vacant objects amounted to CHF 3.5 million in 2021 (2020: CHF 3.1 million). Thereof, heating and general operating expenses accounted for CHF 1.7 million (2020: CHF 1.4 million).

9 Personnel expenses

(in CHF 1 000)	2020	2021
Wages and salaries	15 615	16 537
Social security expenses	1 441	1 713
Expenses for staff pension schemes	3 125	1 204
Other expenses	321	557
Total personnel expenses	20 503	20 011
Employees at end of period (people)	96	98
Equal full-time employees (FTE)	89	90

Personnel expenses decreased mainly due to a one-off effect from changes in PSP Swiss Property's pension plan.

10 General and administrative expenses

(in CHF 1 000)	2020	2021
IT expenses	3 063	3 104
Administrative expenses	2 214	3 076
General operating expenses	1 520	1 507
Occupancy expenses	365	385
Current capital taxes	186	211
Total general and administrative expenses	7 349	8 282
Expenses for short-term leases	65	131
Expenses for leases of low-value assets	25	29

The increase in operating and administrative expenses was mainly due to a one-off special effect in legal costs in the previous year.

11 Financial results

(in CHF 1 000)	2020	2021
Financial income	266	239
Income from financial investments	0	1
Total financial income	266	240
Financial expenses	15 558	12 762
Capitalised interests	- 1 803	- 1 037
Amortisation of issue expenses of bonds and notes	- 280	- 363
Total financial expenses	13 475	11 362
Total financial result	13 209	11 122
Overall financial expenses for financial instruments at amortised cost	15 278	12 399

Interest-bearing debt amounted to CHF 3.013 billion at the end of 2021 (end of 2020: CHF 3.057 billion). The average interest rate was 0.40% in the reporting year (2020: 0.53%). As at 31 December 2021, the passing average interest rate was 0.40% (31 December 2020: 0.47%).

12 Income tax expenses

(in CHF 1 000)	2020	2021
Current income taxes of reporting period	23 073	24 964
Adjustments for current income taxes relating to other periods	20	- 835
Total current income taxes	23 092	24 129
Deferred income taxes from change in temporary net changes in fair value of investment properties	47 235	119 000
Deferred income taxes from changes in tax rates	- 150	0
Utilization of unrecognised deferred taxes from losses carried forward	280	0
Deferred income taxes from change in temporary net changes in fair value of other balance sheet positions	- 117	- 318
Reassessment STAF Step-up	- 4 334	1 734
Total deferred income taxes	42 914	120 416
Total income taxes	66 006	144 545

Reconciliation to tax expenses:

(in CHF 1 000)	2020	2021
Operating profit before taxes	358 097	739 566
Reference tax rate	18.5%	17.9%
Income taxes at reference tax rate	66 297	132 266
Changes in tax rates on temporary changes in fair value	- 150	0
Adjustments for current income taxes relating to other periods	20	- 835
Offsetting losses carried forward	280	0
Local tax rate differences	3 894	11 381
Local tax rate differences	- 4 334	1 734
Total income tax expenses	66 006	144 545

The reference tax rate is a mixed rate. It takes into account the fact that profits subject to cantonal and municipal tax are currently subject to an average tax rate of 17.9% (including direct federal tax) (2020: 18.5%). The actual tax rate in the reporting period was 19.5% (2020: 18.4%).

The income tax effect for each component of the consolidated income statement was as follows:

(in CHF 1 000)	2020	2021
Taxes from change in interest rate hedging	- 379	- 833
Taxes from staff pension scheme liabilities	175	- 1 338
Total income tax expenses (directly reported in equity)	- 204	- 2 171

13 Real estate investments

	Invest- ment properties	Invest- ment properties for sale	Own-used properties	Sites and develop- ment properties at market value	Develop- ment properties for sale	Total real estate invest- ment
(in CHF 1 000)	IAS 40	IFRS 5	IAS 16	IAS 40	IAS 2	
Carrying value at 1 January 2020	7 223 187	0	36 254	650 690	71 533	7 981 664
Purchases	214 692	0	0	146 951	0	361 644
Capitalised/released rent-free periods ¹	- 1 556	0	0	0	0	- 1 556
Transfers	77 809	0	0	- 122 079	44 270	0
Capital expenditures	37 150	0	955	95 388	26 712	160 205
Capitalised own services	3 356	0	0	2 520	335	6 211
Capitalised interests	370	0	0	1 078	355	1 803
Disposals	- 3 180	0	0	0	- 30 524	- 33 704
Net changes in fair value of real estate investments	93 716	0	n.a.	7 862	n.a.	101 578
Depreciation	n.a.	n.a.	- 755	n.a.	n.a.	- 755
Carrying value at 31 December 2020	7 645 544	0	36 454	782 410	112 681	8 577 089
Historical cost			40 747			
Accumulated depreciation			- 4 293			
Carrying value, net			36 454			
Carrying value at 1 January 2021	7 645 544	0	36 454	782 410	112 681	8 577 089
Capitalised/released rent-free periods ¹	2 957	0	0	164	0	3 121
Transfers	400 175	33 245	0	- 433 420	0	0
Capital expenditures	47 645	26	445	110 046	17 606	175 767
Capitalised own services	1 094	0	14	1 189	120	2 417
Capitalised interests	211	0	0	648	178	1 037
Disposals	- 17 753	- 33 271	0	0	- 45 575	- 96 599
Net changes in fair value of real estate investments	393 786	0	n.a.	71 134	n.a.	464 920
Depreciation	n.a.	n.a.	- 780	n.a.	n.a.	- 780
Carrying value at 31 December 2021	8 473 659	0	36 132	532 170	85 010	9 126 971
Historical cost			41 205			
Accumulated depreciation			- 5 073			
Carrying value, net			36 132			

1 Straightlining of incentives given to tenants.

Class of assets fair value change calculation

(in CHF 1 000)	Zurich	Geneva	Basel	Bern	Lausanne	Other locations	Total real estate investment
Carrying value at 1 January 2020	4 729 230	1 046 159	709 240	543 380	427 383	418 485	7 873 877
Additions	33 540	304 147	0	23 956	0	0	361 644
Capitalised/released rent-free periods ¹	- 2 266	1 012	- 230	0	0	- 72	- 1 556
Capital expenditures	80 935	12 585	24 801	4 512	7 144	2 560	132 537
Capitalised own services	1 669	3 192	365	499	83	68	5 876
Capitalised interest	1 010	188	125	44	27	54	1 448
Net changes in fair value recognised in the income statement, item Net changes in fair value of real estate investments	119 102	- 16 594	4 389	- 8 501	2 600	582	101 578
Deductions	- 90	- 44 270	0	0	0	- 3 090	- 47 450
Carrying value at 31 December 2020	4 963 130	1 306 419	738 690	563 890	437 237	418 588	8 427 954
<i>Change of non-realised changes in fair value of real estate investments in the portfolio as at 31 December 2020; recognised in the income statement</i>	<i>119 102</i>	<i>- 16 594</i>	<i>4 389</i>	<i>- 8 501</i>	<i>2 600</i>	<i>582</i>	<i>101 578</i>
Carrying value at 1 January 2021	4 963 130	1 306 419	738 690	563 890	437 237	418 588	8 427 954
Capitalised/released rent-free periods ¹	3 161	373	- 342	0	0	- 72	3 121
Capital expenditures	102 885	8 633	17 924	16 510	3 516	8 248	157 716
Capitalised own services	1 356	163	291	298	82	93	2 283
Capitalised interest	593	31	102	68	42	23	859
Net changes in fair value recognised in the income statement, item Net changes in fair value of real estate investments	382 390	91 350	- 9 406	1 277	13 844	- 14 534	464 920
Deductions	- 13 406	0	0	- 17 753	0	- 19 865	- 51 024
Carrying value at 31 December 2021	5 440 110	1 406 969	747 260	564 290	454 720	392 480	9 005 829
<i>Change of non-realised changes in fair value of real estate investments in the portfolio as at 31 December 2021; recognised in the income statement</i>	<i>382 390</i>	<i>91 350</i>	<i>- 9 406</i>	<i>1 277</i>	<i>13 844</i>	<i>- 14 534</i>	<i>464 920</i>

1 Straightlining of incentives given to tenants.

In the reporting period, two investment properties and part of an investment property were sold. No properties were purchased. The disposals relate to the sale of the investment properties held for sale in Zurich, Schaffhauserstr. 611 (CHF 23.0 million) and Locarno, Via Respini 7/9 (CHF 11.5 million) as well as a partial sale of the investment property in Wabern, Gurtenbrauerei 32/37 (CHF 18.1 million).

In addition, the "Seestrasse" project in Kilchberg was sold for CHF 20.0 million. Further partial disposals were recorded for the properties Parco Lago in Paradiso, Salmenpark in Rheinfelden and Areal Wädenswil in Wädenswil. Further information can be found on pages 240 to 241.

The following reclassifications were made during the reporting period:

Property	Classification at beginning of period	Classification at end of period
Basel, Freie Str. 38	Investment property	Site and development property
Bern, Zeughausgasse 26/28	Investment property	Site and development property
Locarno, Via Respini 7/9	Investment property	Investment property for sale
Wallisellen, Richtistr. 3	Investment property	Site and development property
Zürich, Bahnhofplatz 1 / Bahnhofquai 9, 11, 15	Site and development property	Investment property
Zürich, Gartenstrasse 32	Investment property	Site and development property
Zürich, Hardturmstrasse 181, 183 / Förrlibuckstrasse 160, 190, 192	Site and development property	Investment property
Zürich, Schaffhauserstr. 611	Investment property	Investment property for sale
Zürich, Waisenhausstr. 2, 4 / Bahnhofquai 7	Site and development property	Investment property

Net changes in fair value of real estate investments: The basis and assumptions for the valuation can be found in the valuation report of the external, independent appraiser Wüest Partner AG on pages 94 to 101.

The valuation of the properties by the independent appraiser resulted in an appreciation of CHF 464.9 million as at the end of 2021. Thereof, CHF 393.8 million were related to the investment portfolio and CHF 71.1 million to the sites and developments projects.

The weighted average discount rate for the entire portfolio was a nominal 3.01% at the end of 2021 (end of 2020: 3.20%). The appreciation resulted mainly from the lower discount rate as well as from various lettings. On the other hand, more cautious income forecasts in connection with Covid-19 had the effect of reducing value in individual cases.

For the properties recognised as at 1 January 2021, the fair value adjustments at the end of 2021 resulted in positive valuation differences totalling CHF 553.9 million (2020: CHF 200.6 million) and negative valuation differences totalling CHF 88.9 million (2020: CHF 86.6 million).

As of 31 December 2021, the independent appraiser had identified a total of nine properties for which significant optimisation of use appears possible (2020: nine properties). The valuation experts have valued these properties as at the balance sheet date in accordance with IFRS 13 on the basis of "Highest and Best Use". For three of these properties in the Zurich region, concrete steps are being taken to implement the optimisation of use. In the case of one property in Lausanne, further progress was also made in dialogue with the City of Lausanne with regard to optimising use. For the remaining five properties (two each in Basel and Zurich and one in Geneva), no concrete measures are currently planned.

In accordance with PSP Swiss Property's accounting and valuation principles, own-used properties are reported at historical cost (IAS 16). The estimated market value for the own-used property (Seestrasse 353, Zurich) amounted to CHF 47.1 million at the end of 2021 (end of 2020: CHF 43.0 million).

Notary and transfer fees for the sale of all properties were estimated at approximately CHF 108 million at the end of 2021 (end of 2020: approximately CHF 105 million).

Sites and development properties are recognised at fair value if the market value can be determined with sufficient reliability; this applied to the following properties as at the end of 2021: i) Basel, Project “Clima”, ii) Basel, Project “Freie Strasse”, iii) Bern, Project “Bärenplatz”, iv) Bern, Project “Metropole”, v) Genève, Project “Hôtel de Banque”, vi) Genève, Project “Mont-Blanc”, vii) Wallisellen, Project “Richi-park”, viii) Zürich, Project “Bahnhofplatz”, ix) Zürich, Project “B2Binz”, x) Zürich, Project “Füsslistrasse”, xi) Zürich, Project “Gartenstrasse”, xii) Zürich, Project “P-West”. The estimated market value of all sites and development properties totalled CHF 532.2 million at the end of 2021 (end of 2020: CHF 782.4 million). Payment obligations for ongoing development and renovation work totalled CHF 83.6 million at the end of 2021 (end of 2020: CHF 99.9 million).

14 Contract assets

(in CHF 1 000)	Carrying value 1 January 2020	project-progress	Disposals due to transfer of ownership	Carrying value 31 December 2020
Contract assets	9 358	31 295	- 24 627	16 025
Prepayments	- 4 430	- 4 293	4 632	- 4 091
Net contract assets	4 928	27 002	- 19 996	11 934

(in CHF 1 000)	Carrying value 1 January 2021	project-progress	Disposals due to transfer of ownership	Carrying value 31 December 2021
Contract assets	16 025	45 205	- 54 129	7 101
Prepayments	- 4 091	- 6 384	9 800	- 675
Net contract assets	11 934	38 821	- 44 329	6 426

The change in contract assets in 2021 results from project progress and from transfer of ownership of a single development project. The percentage of completion of the units not yet transferred is 90% at the end of 2021 (End of 2020: 71%). Overall, 69% of the units had been transferred (end of 2020: 22% of units transferred). As at 31 December 2021, a further 4% of the properties had been notarised and the necessary approvals had been obtained.

15 Investments in associated companies

(in CHF 1 000)	Registered office	Assets	Liabilities	Revenues	Income	Ownership
31 December 2020						
IG REM	Zurich	391	0	95	33	n.a.
31 December 2021						
IG REM	Zurich	326	0	53	1	n.a.

Together with Livit AG and Helvetia Versicherungen, PSP Swiss Property holds an interest in the REM consortium (IG REM). IG REM deals with the maintenance, the further development and the distribution of the property management software “REM”. It is considered as an associated company.

Due to the fact that assets and liabilities as well as expenses and income are allocated according to various distribution keys, there is no percentual capital allocation amongst the three IG REM members. Expenses and income are recognised in the business segment “Property management”.

16 Accounts receivable

(in CHF 1 000)	2020	2021
Resulting from business activities with third parties	27 244	17 379
Value adjustment (accumulated)	- 5 038	- 4 731
Carrying value at 31 December	22 206	12 648
thereof short-term (current assets)	16 353	8 020
thereof long-term (non-current assets)	5 853	4 628

The short-term accounts receivable (current assets) consists of outstanding rental payments, claims for ancillary expenses as well as claims on the pension foundation. The long-term accounts receivable (non-current assets) consists of loans granted to tenants with interest rates between 1.5% and 5.0%.

The accumulated impaired receivables changed as follows:

(in CHF 1 000)	2020	2021
Carrying value at 1 January	2 181	5 038
Additions debited to income statement	4 294	4 142
Release credited to income statement	- 517	- 448
Outflow	- 920	- 4 000
Carrying value at 31 December	5 038	4 731

The creation respectively release of provisions for impaired receivables is included in rental income in the statement of profit or loss. Impairments on accounts receivable are made when no additional payments are expected from these receivables.

The accounts receivable had the following age structure:

(in CHF 1 000)	Carrying value 31.12.20	Thereof value- adjusted at reporting date	Thereof neither due nor value- adjusted at reporting date	Thereof due but not value-adjusted			
				< 30 days	30 to 60 days	60 to 90 days	> 90 days
Accounts receivable (current assets)	21 391	7 222	10 522	2 255	615	36	740
Accounts receivable (non-current assets)	5 853	0	5 853	0	0	0	0
Value adjustment	- 5 038						
Total accounts receivable	22 206						

(in CHF 1 000)	Carrying value 31.12.21	Thereof value- adjusted at reporting date	Thereof neither due nor value- adjusted at reporting date	Thereof due but not value-adjusted			
				< 30 days	30 to 60 days	60 to 90 days	> 90 days
Accounts receivable (current assets)	12 751	5 058	7 097	242	92	7	255
Accounts receivable (non-current assets)	4 628	0	4 628	0	0	0	0
Value adjustment	- 4 731						
Total accounts receivable	12 648						

The fair value of the accounts receivable corresponds to their carrying value.

As the Group has a broad client base, there is no cluster risk with respect to receivables from rental agreements. The maximum exposure to credit risk at the reporting date is the carrying respectively fair value of each class of receivables mentioned above. Receivables from tenants directly affected by the lockdown amounted to CHF 3.5 million at the end of 2021 (End of 2020: CHF 5.4 million). Rent receivables from tenants not directly affected by the lockdown amounted to CHF 1.5 million at the end of 2021 (End of 2020: CHF 4.8 million).

Due to the low default rate of 0.1% (previous year: 1.2%), the quality of accounts receivable from rental agreements considered as good. At the end of 2021, guarantees (at fair value) totalled CHF 1.5 million on accounts receivable which were due and not value-adjusted of CHF 0.6 million (end of 2020: CHF 15.9 million for CHF 7.0 million).

17 Derivative financial instruments

The fair value of derivative financial instruments (interest rate swaps) is calculated as the present value of future cash flows. The fair value is based on counterparties' valuations. These valuations are checked by PSP Swiss Property with regard to their plausibility by means of Bloomberg valuations. The fair value of derivative financial instruments corresponds to their carrying value.

The interest rate payer swaps as at the reporting date are used for hedging existing and future loans in the form of fixed advances against rising interest rates. Combined with fixed credit positions, the interest rate receiver swaps are used for the synthetic representation of variable loans.

The contract volumes and the fair value of the existing interest rate swaps are listed in the following table:

Maturity (in CHF 1 000)	Contract value Payer Swaps	Contract value Receiver Swaps	Positive Fair Value ¹	Negative Fair Value ¹
31 December 2020				
2021	150 000	100 000	5	- 399
2022	50 000	0	0	- 1 102
2023	50 000	0	0	- 1 866
2024	50 000	50 000	1 733	- 2 841
2025	0	0	0	0
2026	0	0	0	0
2027	100 000	0	0	- 4 725
2028	100 000	0	0	- 4 852
Total	500 000	150 000	1 738	- 15 784
31 December 2021				
2022	50 000	0	0	- 351
2023	50 000	0	0	- 1 035
2024	50 000	50 000	858	- 1 653
2025	0	0	0	0
2026	0	0	0	0
2027	100 000	0	0	- 2 182
2028	100 000	0	0	- 1 854
Total	350 000	50 000	858	- 7 075

1 Excl. accrued interest.

Three interest rate payer swaps and two interest rate receiver swaps expired during the reporting period. All interest rate swaps fulfil the requirements for applying hedge accounting. The fixed interest rate basis for the swaps existing at the end of 2021 was 0.1375% to 0.8840% (previous year: – 0.8000% to 1.5075%). The variable interest rate of the swaps has been based on the SARON since the conversion of the contracts.

Value changes (after tax) of the interest rate swaps, excluding accrued interest, are recorded income neutral directly in the other comprehensive income (see note 22 on page 76). Accrued interest is recognised directly as financial income. Consequently there are no transfers between other comprehensive income and financial income. As in the previous year, the cash flow hedges were effective in the reporting period.

The maximum exposure to credit risk at the reporting date is the total of the positive fair value of the derivative financial instruments in the balance sheet.

18 Intangible assets (software)

(in CHF 1 000)	2020	2021
Carrying value at 1 January	1 820	1 298
Purchases	34	0
Depreciation	– 556	– 556
Carrying value at 31 December	1 298	742
Historical cost	6 172	6 172
Accumulated depreciation	– 4 874	– 5 430
Carrying value, net	1 298	742

Intangible assets consists of development cost for internal used software.

19 Tangible assets

(in CHF 1 000)	2020	2021
Carrying value at 1 January	229	454
Purchases	245	0
Depreciation	– 19	– 61
Carrying value at 31 December	454	393
Historical cost	749	749
Appreciation	200	200
Accumulated depreciation	– 494	– 555
Carrying value, net	454	393

20 Deferred tax assets and liabilities

31 December 2020 (in CHF 1 000)	Assets	Liability	Net amount
From derivative financial instruments	1 680	- 185	1 495
From lease liabilities / right-of-use assets	2 289	- 2 289	0
From loss carryforwards	4 334	0	4 334
From pension liabilities	3 158	0	3 158
From positive net changes in fair value of properties	0	- 913 829	- 913 829
From contracts with customers	0	- 635	- 635
Total	11 461	- 916 939	- 905 478
There of netted in the balance sheet	- 2 474	2 474	
Deferred taxes as reported in the balance sheet	8 986	- 914 464	- 905 478

31 December 2021 (in CHF 1 000)	Assets	Liability	Net amount
From derivative financial instruments	753	- 91	662
From lease liabilities / right-of-use assets	978	- 978	0
From reassessment STAF Step-up	2 600	0	2 600
From pension liabilities	1 764	0	1 764
From positive net changes in fair value of properties	0	- 1 032 830	- 1 032 830
From contracts with customers	0	- 261	- 261
Total	6 096	- 1 034 160	- 1 028 065
There of netted in the balance sheet	- 1 069	1 069	
Deferred taxes as reported in the balance sheet	5 026	- 1 033 091	- 1 028 065

Net deferred tax liabilities (in CHF 1 000)	2020	2021
Carrying value at 1 January	862 360	905 478
Deferred taxes booked to statement of profit or loss	42 914	120 416
Deferred taxes booked to shareholders' equity	204	2 171
Carrying value at 31 December	905 478	1 028 065

As a result of applying the property gains tax rates which theoretically were due if all properties had been sold as at 31 December 2021, tax liabilities would, compared to the reported deferred tax liabilities, increase by approximately CHF 46 million (end of 2020: approximately CHF 52 million).

The expiration profiles with regard to deferred tax assets and liabilities are as follows:

Expiration of tax assets (in CHF 1 000)	31 December 2020	31 December 2021
< 1 year	42	904
> 1 year	8 945	4 122
Total	8 986	5 026

Expiration of tax liabilities (in CHF 1 000)	31 December 2020	31 December 2021
< 1 year	7 217	5 421
> 1 year	907 248	1 027 670
Total	914 464	1 033 091

21 Share capital

	Number of registered shares in units	Nominal value per registered share in CHF	Total nominal value in CHF 1 000
Issued, fully paid-in share capital			
31 December 2019	45 867 891	0.10	4 587
31 December 2020	45 867 891	0.10	4 587
31 December 2021	45 867 891	0.10	4 587
Conditional share capital			
31 December 2019	2 000 000	0.10	200
31 December 2020	2 000 000	0.10	200
31 December 2021	2 000 000	0.10	200

In the reporting period, a total of 13 321 own shares were purchased at an average price of CHF 113.17 or a total of CHF 1.5 million. 13 321 own shares were used as compensation in own shares at an average price of CHF 110.89 or CHF 1.5 million (previous year's period: 15 587 own shares purchased at an average price of CHF 152.90 and 15 587 own shares used as compensation in own shares at an average price of CHF 130.10).

Further details on changes in shareholders' equity can be found in the consolidated statement of shareholders' equity on page 43.

22 Revaluation reserves

Revaluation reserves were made up as follows:

(in CHF 1 000)	Real estate appreciation due to change of use	Interest rate hedging	Pension liabilities	Total
1 January 2020	9 612	- 15 585	- 5 652	- 11 625
Changes current year	0	3 412	- 873	2 539
Income taxes	0	- 379	175	- 204
31 December 2020	9 612	- 12 552	- 6 350	- 9 290
Changes current year	0	7 829	6 690	14 519
Income taxes	0	- 833	- 1 338	- 2 171
31 December 2021	9 612	- 5 556	- 998	3 058

23 Debt

(in CHF 1 000)	31 December 2020	31 December 2021
Short-term financial liabilities	40 000	75 000
Short-term bonds and notes	390 003	99 988
Short-term lease liabilities	383	179
Long-term financial liabilities	980 000	1 000 000
Long-term bonds	1 631 267	1 830 702
Long-term lease liabilities	15 552	6 881
Total interest-bearing debt	3 057 204	3 012 749

Financial liabilities consist of bank-loans in the form of unsecured advances. Long-term liabilities consist of loans which cannot be called in by the bank within twelve months. Short-term liabilities have a maturity term of maximum twelve months. Bonds with a maturity term of more than twelve months belong to long-term debt those with a shorter maturity term to short-term debt. Debt's market values can be found in note 26 on page 83.

(in CHF 1 000)	Carrying value 01.01.20	Reclassifi- cation	Amortisation of issuer costs	Repayment	Carrying value 31.12.20
Financial liabilities	800 000	1 050 000	n.a.	- 830 000	1 020 000
Bonds	1 779 649	561 901	- 280	- 320 000	2 021 270
Lease liabilities	16 487	0	- 553	0	15 934
Total interest-bearing debt	2 596 136	1 611 901	- 833	- 1 150 000	3 057 204

(in CHF 1 000)	Carrying value 01.01.21	Reclassifi- cation	Amortisation of issuer costs	Repayment	Carrying value 31.12.21
Financial liabilities	1 020 000	375 000	n.a.	- 320 000	1 075 000
Bonds and notes	2 021 270	439 783	- 363	- 530 000	1 930 690
Lease liabilities	15 934	0	- 280	- 8 595	7 059
Total interest-bearing debt	3 057 204	814 783	- 643	- 858 595	3 012 749

During the reporting period, fixed advances totalling CHF 375 million were drawn and CHF 320 million repaid under existing credit lines. In the same period, a 0.200% bond with a nominal value of CHF 200 million maturing in 2031, a 0.160% bond with a nominal value of CHF 100 million maturing in 2031 and three 0.000% notes with a total nominal value of CHF 140 million maturing in September 2021 were issued. These notes were consequently already repaid in the reporting period. In total, one bond with a nominal value of CHF 100 million and six notes with a total value of CHF 430 million were repaid during the reporting period.

At the end of 2021 (as in the previous year), no financial liabilities, bonds or notes were outstanding which were secured by mortgages on properties, and no financial liabilities or bonds were outstanding with an amortisation obligation.

At the end of the reporting period, PSP Swiss Property had unused credit lines of CHF 980 million (end of 2020: CHF 960 million), of which CHF 700 million were committed credit lines (end of 2020: CHF 700 million).

All financial key figures (financial covenants) laid down in the existing credit agreements were adhered to in the reporting period. The most important financial covenants concern the consolidated equity ratio, the interest coverage and the debt ratio.

The lease liabilities relate exclusively to obligations in connection with land lease agreements. As at the end of 2021, the contracts have terms from 2046 to 2072. All contracts are renewable and linked to the national consumer price index. The weighted average interest rate on lease liabilities is 1.03% (previous year: 1.06%).

The exposure of the Group's borrowings to interest rate changes at the balance sheet dates was as follows:

(in CHF 1 000)	31 December 2020	31 December 2021
< 6 months	330 030	144 988
6 to 12 months	149 973	80 000
1 to 5 years	1 081 252	1 200 819
> 5 years	1 495 949	1 586 943
Total interest-bearing debt	3 057 204	3 012 749

At the end of 2021, the average fixed interest rate period of all debt was 5.1 years (end of 2020: 5.0 years).

Details on the existing bonds and notes are as follows:

(in CHF 1 000)	Carrying value 01.01.20	Reclassi- fication	Issue	Amortisa- tion of issuer costs	Repay- ment	Carrying value 31.12.20	Nominal value 31.12.20
1.375% bond, maturing 04.02.20	199 987	0	0	13	- 200 000	n.a.	n.a.
0.000% note, maturing 29.01.21	n.a.	0	99 965	27	0	99 992	100 000
0.000% bond, maturing 04.02.21	n.a.	0	100 497	- 451	0	100 046	100 000
0.000% note, maturing 10.05.21	n.a.	0	39 990	3	0	39 993	40 000
0.045% note, maturing 20.12.21	n.a.	149 945	0	28	0	149 973	150 000
Total short-term bonds / notes	199 987	149 945	240 452	- 381	- 200 000	390 003	390 000
0.045% note, maturing 20.12.21	149 945	- 149 945	0	0	0	n.a.	n.a.
0.060% bond, maturing 11.02.22	99 780	0	0	104	0	99 884	100 000
0.000% bond, maturing 01.09.23	298 033	0	0	553	0	298 586	300 000
0.500% bond, maturing 16.02.24	301 630	0	0	- 379	0	301 251	300 000
1.000% bond, maturing 06.02.25	99 885	0	51 817	- 172	0	151 530	150 000
0.375% bond, maturing 29.04.26	199 498	0	0	78	0	199 577	200 000
0.700% bond, maturing 08.02.27	181 053	0	0	- 146	0	180 906	180 000
0.550% bond, maturing 04.02.28	149 944	0	0	7	0	149 951	150 000
0.150% bond, maturing 02.02.29	n.a.	0	149 642	36	0	149 678	150 000
0.000% bond, maturing 06.02.30	99 893	0	0	11	0	99 904	100 000
Total long-term bonds / notes	1 579 662	- 149 945	201 458	91	0	1 631 267	1 630 000

(in CHF 1 000)	Carrying value 01.01.21	Reclassi- fication	Issue	Amortisa- tion of issuer costs	Repay- ment	Carrying value 31.12.21	Nominal value 31.12.21
0.000% note, maturing 29.01.21	99 992	0	0	8	- 100 000	0	n.a.
0.000% bond, maturing 04.02.21	100 046	0	0	- 46	- 100 000	0	n.a.
0.000% note, maturing 10.05.21	39 993	0	0	7	- 40 000	0	n.a.
0.045% note, maturing 20.12.21	149 973	0	0	27	- 150 000	0	n.a.
0.060% bond, maturing 11.02.22	n.a.	99 884	0	104	0	99 988	100 000
Total short-term bonds / notes	390 003	99 884	0	101	- 390 000	99 988	100 000
0.060% bond, maturing 11.02.22	99 884	- 99 884	0	0	0	n.a.	n.a.
0.000% bond, maturing 01.09.23	298 586	0	0	554	0	299 141	300 000
0.500% bond, maturing 16.02.24	301 251	0	0	- 400	0	300 851	300 000
1.000% bond, maturing 06.02.25	151 530	0	0	- 358	0	151 171	150 000
0.375% bond, maturing 29.04.26	199 577	0	0	79	0	199 655	200 000
0.700% bond, maturing 08.02.27	180 906	0	0	- 147	0	180 759	180 000
0.550% bond, maturing 04.02.28	149 951	0	0	7	0	149 958	150 000
0.150% bond, maturing 02.02.29	149 678	0	0	40	0	149 717	150 000
0.000% bond, maturing 06.02.30	99 904	0	0	11	0	99 914	100 000
0.200% bond, maturing 04.02.31	n.a.	0	199 665	30	0	199 695	200 000
0.160% bond, maturing 16.09.31	n.a.	0	99 835	5	0	99 840	100 000
Total long-term bonds	1 631 267	- 99 884	299 500	- 181	0	1 830 702	1 830 000

The market values of the outstanding bonds and notes and the effective interest rates were as follows:

At 31 December 2020	Nominal value in CHF 1 000	Price in %	Market value in CHF 1 000	Effective interest rate in %
0.000% note, maturing 29.01.21, Valor: 56801915	100 000	100.0	100 022	0.10
0.000% bond, maturing 04.02.21, Valor: 46123905	100 000	100.0	100 043	- 0.49
0.000% note, maturing 10.05.21, Valor: 56334873	40 000	100.1	40 041	0.05
0.045% bond, maturing 20.12.21, Valor: 34755684	150 000	100.3	150 476	0.07
0.060% bond, maturing 11.02.22, Valor: 37347653	100 000	100.3	100 324	0.16
0.000% bond, maturing 01.09.23, Valor: 33014317	300 000	100.6	301 896	0.19
0.500% bond, maturing 16.02.24, Valor: 30725643	300 000	102.0	306 042	0.37
1.000% bond, maturing 06.02.25, Valor: 26288145	150 000	104.6	156 881	0.75
0.375% bond, maturing 29.04.26, Valor: 31940377	200 000	102.1	204 226	0.42
0.700% bond, maturing 08.02.27, Valor: 39863380	180 000	104.2	187 488	0.62
0.550% bond, maturing 04.02.28, Valor: 41904122	150 000	103.2	154 779	0.55
0.150% bond, maturing 02.02.29, Valor: 46123906	150 000	100.0	149 973	0.18
0.000% bond, maturing 06.02.30, Valor: 48850666	100 000	98.0	98 043	0.01

At 31 December 2021	Nominal value in CHF 1 000	Price in %	Market value in CHF 1 000	Effective interest rate in %
0.060% bond, maturing 11.02.22, Valor: 37347653	100 000	100.1	100 078	0.16
0.000% bond, maturing 01.09.23, Valor: 33014317	300 000	100.5	301 482	0.19
0.500% bond, maturing 16.02.24, Valor: 30725643	300 000	101.5	304 356	0.37
1.000% bond, maturing 06.02.25, Valor: 26288145	150 000	103.2	154 775	0.75
0.375% bond, maturing 29.04.26, Valor: 31940377	200 000	101.1	202 292	0.42
0.700% bond, maturing 08.02.27, Valor: 39863380	180 000	102.7	184 918	0.62
0.550% bond, maturing 04.02.28, Valor: 41904122	150 000	101.8	152 711	0.55
0.150% bond, maturing 02.02.29, Valor: 46123906	150 000	98.9	148 332	0.18
0.000% bond, maturing 06.02.30, Valor: 48850666	100 000	96.8	96 817	0.01
0.200% bond, maturing 04.02.31, Valor: 506071361	200 000	97.8	195 552	0.22
0.160% bond, maturing 16.09.31, Valor: 515152475	100 000	97.0	97 012	0.18

Bonds which are listed on the stock exchange are classified as level 1 according to the fair value hierarchy. Bonds which are not listed on the stock exchange are classified as level 2.

24 Pension liabilities

PSP Swiss Property funds various pension schemes for its employees which are legally independent from the Company. The pension schemes are financed by employees' and employer's contributions. In accordance with IAS 19, the pension schemes are qualified as defined benefit pension plans.

Based on the projected unit credit method, the following overview results:

(in CHF 1 000)	31 December 2020	31 December 2021
Pension liabilities (present value)	55 694	54 644
Pension assets at market value	- 39 905	- 45 823
Pension liabilities (technical deficit)	15 789	8 821

The pension contributions recognised as expense in PSP Swiss Property's consolidated income statement were as follows:

(in CHF 1 000)	2020	2021
Actuarial pension expenses	2 088	2 235
Interest expenses	104	139
Expected income on plan assets	- 77	- 108
Changes in pension scheme	1 089	- 863
Administration cost	43	43
Total expenses	3 247	1 446

The pension liabilities shown in PSP Swiss Property's consolidated balance sheet changed as follows:

(in CHF 1 000)	2020	2021
Carrying value 1 January	13 229	15 789
Expenses for staff pension schemes debited to the income statement	3 247	1 446
Employer contributions	- 1 560	- 1 724
Actuarial gains and losses on OCI	873	- 6 690
Carrying value at 31 December	15 789	8 821

Pension liabilities and assets changed as follows:

(in CHF 1 000)	2020	2021
Pension liabilities (present value) at 1 January	49 824	55 694
Actuarial pension expenses	2 088	2 235
Employees' contributions	921	1 053
Interest expenses	104	139
Changes in pension schemes	1 089	- 863
Paid coverage	- 423	- 873
Actuarial gains and losses	2 091	- 2 741
Pension liabilities (present value) at 31 December	55 694	54 644
Pension assets at market value at 1 January	36 595	39 905
Expected income on plan assets	77	108
Employer contributions	921	1 053
Employees' contributions	1 560	1 724
Paid coverage	- 423	- 873
Administration cost	- 43	- 43
Actuarial gains and losses	1 218	3 949
Pension assets at market value at 31 December	39 905	45 823
Effective pension income	1 295	4 057

The following table shows the coverage of the defined benefit pension plans and the impact of deviations due to expected or actual values of the pension liabilities and assets.

(in CHF 1 000)	31 December 2020	31 December 2021
Pension liabilities (present value)	55 694	54 644
Pension assets at market value	- 39 905	- 45 823
Pension liabilities recognised in the balance sheet	15 789	8 821
Adjustments of pension liabilities by experience	- 977	- 995
Adjustments of pension liabilities caused by amended assumptions	- 1 114	3 736
Adjustments of pension assets by experience	1 218	3 949
Total actuarial gains and losses	- 873	6 690

The expected employer contributions for the business year 2022 amount to CHF 1.7 million (expected contributions 2021: CHF 1.8 million).

Calculation of pension liabilities was based on the following assumptions:

(in CHF 1 000)	31 December 2020	31 December 2021
Discount rate	0.15%	0.35%
Expected future salary increases	1.25%	1.25%
Expected future pension increases	0.00%	0.00%
Life expectancy in years at age of retirement (man/woman)	23.77/25.85	23.68/25.48

The assets are managed by an investment foundation. The asset allocation was as follows:

(in CHF 1 000)	31 December 2020	31 December 2021
Cash and cash equivalents	80	183
Bonds	13 129	13 930
Equities	11 892	13 930
Real estate	5 746	7 148
Other	9 058	10 631
Total	39 905	45 823

The following sensitivity analysis is based on one changing assumption while all other assumptions remain the same (ceteris paribus). The only exception is a change in the discount rate with a concurrent change in the projected interest rate for savings capital. The same method was applied for the valuation of the sensitivity of pension liabilities as for the valuation of the liabilities in the financial statements (projected unit credit method).

Change in pension liabilities ¹ (in CHF 1 000)	31 December 2020	31 December 2021
Discount rate		
+ 0.25%	1 680	1 470
- 0.25%	- 2 554	- 1 557
Salary change		
+ 0.25%	- 331	- 288
- 0.25%	323	280
Pension change		
+ 0.25%	- 1 422	- 1 229
- 0.25%	n.a.	n.a.
Life expectancy		
+ 1 year at age of retirement	- 1 616	- 1 572

1 A negative amount leads to an increase of pension liabilities and vice versa.

25 Accounts payable

(in CHF 1 000)	31 December 2020	31 December 2021
Resulting from business activities with third parties	7 458	8 575
Prepayments	18 727	18 599
Total	26 186	27 174

The fair value of the accounts payable corresponds to their carrying value.

26 Financial instruments according to categories

The carrying values and the market value of all recorded financial instruments are listed in the following table. The fair value of current financial assets and liabilities at amortised cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

	31 December 2020		31 December 2021	
	Carrying value	Market value	Carrying value	Market value
Financial assets (in CHF 1 000)				
Accounts receivable at amortised cost	22 206	22 206	12 648	12 648
Financial investments at fair value through comprehensive income	9	9	9	9
Derivative financial instruments (hedging)	1 738	1 738	858	858
Cash and cash equivalents	32 335	32 335	20 379	20 379
Financial liabilities (in CHF 1 000)				
Financial liabilities at amortised cost	1 020 000	1 007 171	1 075 000	1 064 019
Bonds and notes at amortised cost	2 021 270	2 050 233	1 930 690	1 938 324
Accounts payable at amortised cost	5 563	5 563	4 399	4 399
Derivative financial instruments (hedging)	15 784	15 784	7 075	7 075

27 Netting agreements

Receivables and liabilities can generally be offset in the event of the bankruptcy of the other party. An express offsetting ban has been contractually agreed with a counterparty. The contracts in connection with derivative financial instruments provide for a right to offset against other receivables from the counterparty in the event of a liquidation event defined in the contract.

As at 31 December 2020

(in CHF 1 000)	Gross amount	Amount recorded in the balance sheet	Net amount reported in the balance sheet	Clearing options in case of a default of the counterparty	Net amount in case of a default of the counterparty
Financial instruments positive					
Cash and cash equivalents	32 335	0	32 335	- 27 105	5 230
Derivative financial instruments (positive)	1 738	0	1 738	- 1 738	0
Total	34 073	0	34 073	- 28 843	5 230
Financial instruments negative					
Financial liabilities	1 020 000	0	1 020 000	- 17 550	1 002 450
Derivative financial instruments (negative)	15 784	0	15 784	- 10 353	5 431
Total	1 035 784	0	1 035 784	- 27 903	1 007 882

As at 31 December 2021

(in CHF 1 000)	Gross amount	Amount recorded in the balance sheet	Net amount reported in the balance sheet	Clearing options in case of a default of the counterparty	Net amount in case of a default of the counterparty
Financial instruments positive					
Cash and cash equivalents	20 379	0	20 379	- 18 067	2 312
Derivative financial instruments (positive)	858	0	858	- 858	0
Total	21 237	0	21 237	- 18 925	2 312
Financial instruments negative					
Financial liabilities	1 075 000	0	1 075 000	- 8 355	1 066 645
Derivative financial instruments (negative)	7 075	0	7 075	- 7 075	0
Total	1 082 075	0	1 082 075	- 15 430	1 066 645

28 Fair value hierarchy

The fair value definition is classified into three categories. Level 1 regards instruments with price quotations in a liquid market. If there is no liquid market for a position and there are no official price quotations, the fair value is determined according to a recognised valuation method. At level 2, the valuation method is mainly based on input parameters with observable market data; at level 3, the valuation method is based on one or several input parameters without observable market data.

The following table shows the market values (fair value) of these positions recognised in the balance sheet.

				Market value
Assets (in CHF 1 000)	Level 1	Level 2	Level 3	31 December 2020
Investment properties (IAS 40 & IFRS 5)	0	0	8 427 954	8 427 954
Financial investments	0	0	9	9
Derivative financial instruments (hedging)	0	1 738	0	1 738
Total financial assets	0	1 738	8 427 963	8 429 701

Liabilities (in CHF 1 000)				
Derivative financial instruments (hedging)	0	15 784	0	15 784
Total financial liabilities	0	15 784	0	15 784

				Market value
Assets (in CHF 1 000)	Level 1	Level 2	Level 3	31 December 2021
Investment properties (IAS 40 & IFRS 5)	0	0	9 005 829	9 005 829
Financial investments	0	0	9	9
Derivative financial instruments (hedging)	0	858	0	858
Total financial assets	0	858	9 005 838	9 006 696

Liabilities (in CHF 1 000)				
Derivative financial instruments (hedging)	0	7 075	0	7 075
Total financial liabilities	0	7 075	0	7 075

During the reporting period, no positions were transferred in between the fair value levels (2020: none).

29 Future cash flows from accounts payable

Based on the accounts payable at year-end, the following future payment obligations exist (undiscounted amounts, including interest):

	Carrying value	< 6 months		6 to 12 months		1 to 5 years		> 5 years	
(in CHF 1 000)	31.12.20	Inter-est	Repay-ment	Inter-est	Repay-ment	Inter-est	Repay-ment	Inter-est	Repay-ment
Financial liabilities	1 020 000	663	40 000	740	0	6 838	480 000	3 993	500 000
Bonds and notes	2 021 270	6 120	240 000	68	150 000	25 860	1 050 000	3 585	580 000
Leasing liabilities	15 934	84	191	84	191	632	1 571	2 641	13 981
Derivative financial instruments ¹	14 046	2 256	0	716	0	4 599	0	632	0
Accounts payable ²	5 563	0	5 563	0	0	0	0	0	0
Total	3 076 814	9 123	285 755	1 608	150 191	37 929	1 531 571	10 851	1 093 981

	Carrying value	< 6 months		6 to 12 months		1 to 5 years		> 5 years	
(in CHF 1 000)	31.12.21	Inter-est	Repay-ment	Inter-est	Repay-ment	Inter-est	Repay-ment	Inter-est	Repay-ment
Financial liabilities	1 075 000	722	45 000	748	30 000	12 148	300 000	2 753	700 000
Bonds and notes	1 930 690	6 520	100 000	160	0	19 587	1 130 000	3 515	700 000
Leasing liabilities	7 059	36	89	36	89	270	733	1 224	6 148
Derivative financial instruments ¹	6 217	937	0	791	0	3 806	0	81	0
Accounts payable ²	4 399	0	4 399	0	0	0	0	0	0
Total	3 023 366	8 215	149 488	1 734	30 089	35 811	1 430 733	7 572	1 406 148

1 Incl. liabilities from negative SARON at floating leg (previous year: incl. liabilities from negative LIBOR at floating leg).

2 Excluding prepaid rental payments, purchase prices and purchase price advance payments for sold properties.

All instruments were included which were in the portfolio at year-end and for which payments were contractually stipulated.

At the end of 2021, the average weighted duration of the loan agreements was 5.0 years (end of 2020: 5.5 years).

30 Key performance figures and earnings per share

“Ebitda excl. gains/losses on real estate investments” corresponds to the Operating profit (ebit) excluding amortisation and depreciation, net changes in fair value of the real estate investments and net income on sales of investment properties. Income from the sale of properties which were developed by the Company itself is, however, included in “Ebitda excl. gains/losses on real estate investments”.

	2020	2021
Operating profit (ebit)	371 306	750 688
Depreciation	1 330	1 397
Net changes in fair value of real estate investments	- 101 578	- 464 920
Net income from other property sales	0	- 8 409
Net income excl. gains/losses on real estate investments	271 058	278 756

Earnings per share and earnings per share excl. gains/losses on real estate investments are calculated by dividing the reported net income respectively “Net income excl. gains/losses on real estate investments” by the average weighted number of shares, excluding own shares.

“Net income excl. gains/losses on real estate investments” corresponds to the net income excl. net changes in fair value of the real estate investments, net income on sales of investment properties and all of the related taxes. Income from the sale of properties which were developed by the Company itself is, however, included in the “Net income excl. gains/losses on real estate investments”.

Annual distribution of PSP Swiss Property Ltd is based on “Net income excl. gains/losses on real estate investments”.

	2020	2021
Net income in CHF 1 000	292 091	595 022
Net changes in fair value of real estate investments in CHF 1 000	- 101 578	- 464 920
Net income from other property sales in CHF 1 000	0	- 8 409
Attributable taxes from net changes in fair value of real estate investments in CHF 1 000	25 282	98 169
Attributable taxes from Income from other property sales in CHF 1 000	0	1 262
Net income excl. gains/losses on real estate investments in CHF 1 000	215 795	221 124
Number of average outstanding shares	45 867 891	45 867 891
Earnings per share in CHF (basic and diluted)	6.37	12.97
Earnings per share excl. gains/losses on real estate investments in CHF (basic and diluted)	4.70	4.82

The following table shows the equity per share:

	31 December 2020	31 December 2021
Shareholders' equity in CHF 1 000	4 579 165	5 019 087
Deferred taxes in CHF 1 000	905 478	1 028 065
Number of outstanding shares	45 867 891	45 867 891
Net asset value per share in CHF¹	99.83	109.42
Net asset value per share before deduction of deferred taxes in CHF¹	119.57	131.84

¹ Based on number of outstanding shares.

31 Dividend payment

Based on a resolution of the Annual General Meeting on 31 March 2021, a payment of an ordinary dividend of CHF 3.65 per share (totalling CHF 167.4 million) was made on 8 April 2021 (previous year: CHF 3.60 per share totalling CHF 165.1 million).

For the business year 2021, the Board of Directors will propose a dividend payment from retained earnings of CHF 3.75 gross per share respectively a maximum of CHF 172.0 million to the Annual General Meeting on 31 March 2022. Treasury shares are not entitled to dividends; therefore, the total amount for dividend payments may deviate from these figures.

32 Related parties

In the reporting year, the Board of Directors and parties related to the Board of Directors, the Executive Board and the associated company.

The disclosure of the following remunerations to the Members of the Board of Directors and the Executive Board is made according to the accrual principle (relating to the period of service and independent of payments).

(in CHF 1 000)	Executive Board		Board of Directors	
	2020	2021	2020	2021
Fixed compensation in cash	1 418	1 306	690	653
Performance-based compensation in cash	493	560	0	0
Performance-based compensation in shares	1 480	1 905	0	0
Other benefits	0	0	0	0
Employer contributions pension benefits	331	291	26	31
Total	3 722	4 063	716	684

In the reporting year, fees for legal advice were paid in the amount of CHF 0.016 million to the law firm Niederer Kraft Frey Ltd, Zurich, where Mr. Peter Forstmoser holds the position of a partner (previous year: CHF 0.015 million). No legal fees were paid to Mr. Forstmoser himself. Niederer Kraft Frey Ltd leases storage facilities from PSP Swiss Property with an annual rent of CHF 0.057 million in the reporting year (previous year: CHF 0.095 million). For Niederer Kraft Frey Ltd as well as for PSP Swiss Property, this annual rent is marginal and therefore negligible compared to legal fee turnover respectively rental income.

No further fees were paid in the year under review (previous year: none).

In the 2021 business year, as in the previous year, no further disclosable compensations were paid directly or indirectly to present or past members of the Board of Directors or the Executive Board respectively their related parties.

As at the end of 2020, the members of the Board of Directors (including their related parties) held no options on PSP shares at the end of 2021. As at the end of 2020, the members of the Executive Board (including their related parties) held no options on PSP shares at the end of 2021.

As in the previous year, no loans were granted to members of the Board of Directors or the Executive Board or related parties in 2021. As at the end of 2020, there were no corresponding receivables from this group of persons at the end of 2021. At the end of 2021 (as at the end of the previous year), there were no receivables from related parties.

33 Subsequent events

On 11 February 2022, a 0.000% private placement (all-in – 0.45%) with a volume of CHF 100 million and a maturity in August 2022 was issued.

With effect from 17 February 2022 an asset swap was carried out with Swiss Life AG and the Anlagestiftung Swiss Life. Two commercial properties in Zurich at Lintheschergasse 10 and Mühlebachstrasse 2 were acquired for a total of CHF 67.6 million. In return, three properties were sold for a total of CHF 59.8 million (Rue du Pont 22 in Lausanne, Lintheschergasse 23 and Löwenstrasse 16 in Zurich). The difference was settled in cash.

There were no further material subsequent events.



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To the General Meeting of
PSP Swiss Property Ltd, Zug

Zurich, 21 February 2022

Statutory auditor's report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of PSP Swiss Property Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 38 to 89 and 226 to 243) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

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.



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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* 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 investment properties, sites and development properties as well as development properties for sale

Risk	Valuation of investment properties, sites and development properties was important for our audit as the valuation process contains material estimates and the respective properties with a carrying amount of CHF 9.1 billion represent the most significant position within the consolidated financial statements of the group. As disclosed in note 13 Real estate investments as well as in section 2.3 Critical estimates and assumptions of the consolidated financial statements, the fair values were derived by an external appraiser based on a discounted cash flow method. These appraisals are based on various assumptions, particularly with regard to market rents, discount factors, vacancy rates and maintenance and renovation expenses as well as development risks for investment properties.
Our audit response	Among other audit procedures we evaluated the objectivity, independence and competence of the external appraiser as well as the used valuation model. Additionally, we verified the correctness of selected property specific data (among others rental income, maintenance expenses), which was used in the valuation. By discussions with the management and the external appraiser we assessed the key assumptions used in the valuation. Our audit procedures did not lead to any reservations concerning the valuation of investment properties, sites and development properties.

Deferred tax liabilities relating to property valuation differences

Risk	Deferred tax liabilities relating to property valuation differences were important for our audit as the process contains material estimates and as the deferred tax liabilities with CHF 1.0 billion represent a significant position within the consolidated financial statements of the group. As disclosed in section 2.6 Accounting and valuation principles of the consolidated financial statements, deferred tax liabilities are calculated using the balance sheet liability method. Deferred tax assets and liabilities are measured on the basis of tax rates (federal, cantonal and communal) which are expected to be applicable at the time a deferred tax asset is realised or a deferred tax liability is released. This method is based on estimates especially related to the applicable tax rates and the expected holding period of the properties.
Our audit response	Among other audit procedures we validated management's assumptions relating to the estimated holding period and compared the



tax rates used for income (federal, cantonal and communal) and property gains tax purposes with the currently applicable tax rates. Furthermore, we re-performed the calculation of changes in value and the classification of gains as either capital gains or depreciation recapture.

Our audit procedures did not lead to any reservations concerning deferred tax liabilities relating to property valuation differences.



Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report, the EPRA reports and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

In accordance with article 728a para. 1 item 3 CO and the 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

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Gianantonio Zanetti
Licensed audit expert



Wüest Partner AG, Bleicherweg 5, 8001 Zurich

PSP Swiss Property
Executive Board
Kolinplatz 2
6300 Zug

Zurich, 20 January 2022

Independent valuer's report

To the Executive Board of PSP Swiss Property AG

Commission

Wüest Partner AG (Wüest Partner) was commissioned by the Executive Board of PSP Swiss Property AG (PSP Swiss Property) to perform a valuation for accounting purposes of the properties and property units held by PSP Swiss Property as of 31 December 2021 (reporting date). The valuation encompasses all investment properties as well as sites and development properties.

Reference Number
102255.2141

Valuation standards

Wüest Partner confirms that the valuations were carried out in accordance with national and international standards and guidelines, in particular the «International Valuation Standards» (IVS and RICS/Red Book) and the «Swiss Valuation Standards» (SVS). They were also carried out in accordance with the requirements of the SIX Swiss Exchange.

Accounting standards

The market values determined for the investment properties correspond to the «fair value» as described in the «International Financial Reporting Standards» (IFRS) in accordance with «International Account Standard» IAS 40 (Investment Property) and IFRS 13 (Fair Value Measurement). In addition, the regulations of IFRS 16 are taken into account and, in the case of properties with ground leases, the earliest possible reversion is taken into account.

Sites and development properties intended for future use as investment properties are accounted for by PSP Swiss Property in accordance with IAS 40, while sites and development properties intended for sale are accounted for in accordance with IAS 2 (Inventories).

Definition of fair value

The «fair value» is the price that independent market participants would agree upon under normal market conditions on the valuation date when selling an asset or transferring a liability (debt) (disposal price or exit price).

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An exit price is the selling price postulated in the purchase contract, upon which the parties have jointly agreed. Transaction costs, which normally consist of estate agents' commissions, transaction taxes and land registry and notary fees, are not considered when determining the fair value. Therefore, in accordance with paragraph 25 of IFRS 13, the fair value is not adjusted for the transaction costs incurred by the acquirer in a sale (gross fair value). This is in line with Swiss valuation practice.

Transaction costs, gross fair value

The valuation at fair value presupposes that the hypothetical transaction for the asset to be valued takes place on the market with the largest volume and the largest business activity (principal market) and that transactions of sufficient frequency and volume occur so that sufficient price information is available for the market (active market). If such a market cannot be identified, the principal market for the asset is assumed to be the one that maximizes the selling price on disposal of the asset.

Principal market, active and most advantageous market

Implementation of fair value

The fair value is determined on the basis of the best possible use of a property (highest and best use). The best possible use of a property is the one which maximizes its value. This assumption assumes a use that is technically/physically possible, legally permitted and financially feasible. Since the determination of the fair value is based on the assumption that the benefits will be maximised, the best possible use may differ from the actual or planned use. Future capital expenditure to improve or increase the value of a property is taken into account accordingly in the fair value measurement.

Highest and best use

The application of the «highest and best use» approach is based on the principle of the significance of the possible difference in value in relation to the value of the individual property and the total property assets as well as in relation to the possible absolute difference in value. Potential added values of a property which are within the usual estimation tolerance of an individual valuation are regarded as insignificant and subsequently neglected

Significance in relation to the highest and best use approach

The fair value is determined according to the quality and reliability of the valuation parameters, in order of diminishing quality/reliability: Level 1 market price, Level 2 modified market price and Level 3 model-based valuation. At the same time, when a property is valued on the basis of fair value, different parameters may be applied to different hierarchies. In this context, the total valuation is classified according to the lowest level of the fair value hierarchy in which the valuation parameters are found.

Fair value hierarchy

The value of PSP Swiss Property's properties is determined using a model-based valuation in accordance with Level 3 on the basis of input parameters not directly observable on the market, whereby adjusted Level 2 input parameters are also applied here (e.g. market rents, operating and maintenance costs, discount/capitalisation rates, proceeds from the sale of residential property). Unobservable input factors are only used if relevant observable input factors are not available.

Valuation level for property valuations

Market rents, vacancies and discount rates are defined as key input factors. These factors are influenced in different ways by market developments. If the input factors change, the fair value of the property also changes. These changes are simulated for each input factor using static sensitivity analyses.

Significant input factors, influence on fair value

Due to the interdependencies of the input factors, the effects on the fair value can cancel each other out; or accumulate. For example, reduced market rents combined with increased vacancy rates and higher discount rates have a cumulative negative effect on the fair value of the property. Due to the regional and object-specific diversification in the portfolio, however, changes in the input factors rarely have a short-term cumulative effect.

The economic environment may be regarded as the most important factor influencing the input factors. When negative economic sentiment exerts downward pressure on market rents, real estate vacancies usually increase. At the same time, however, such market situations usually result in favourable, i.e. low, interest rates, which has a positive effect on discount rates. Thus, a certain compensation of the input factors can be assumed. Continuous optimisation measures of PSP Swiss Property's properties (e.g. conclusion/extension of long-term rental agreements, investments in the expansion of rental space, etc.) prevent such short-term market shocks, which primarily affect market rents and vacancy rates. As mentioned above, the individually risk-adjusted discount rate of the property follows the return expectations of the respective investors or market participants and can only be influenced to a limited extent by the owner.

The valuation methods used are those that are appropriate in the circumstances and for which sufficient data are available to determine the fair value, whereby the use of relevant observable input factors is maximized and that of unobservable input factors is minimized. In the case of the present valuation procedure, an income-based approach is applied, using discounted cash flow valuations, which are widely used in Switzerland.

Valuation procedures

Valuation method

In valuing PSP Swiss Property's real estate holdings, Wüest Partner applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the total of all projected future (infinite period) net earnings discounted to the valuation date. The net income is discounted separately for each property depending on its individual opportunities and risks and in line with market conditions and risks.

Basis of valuation

Wüest Partner is familiar with all the properties, having carried out inspections and examined the documentation provided. The properties were analysed in detail with regard to their qualities and risks (attractiveness and lettable of the rental units, construction method and condition, micro and macro location, etc.). Currently vacant rental units were valued taking into account a marketing period customary in the market.

All properties are inspected by Wüest Partner at least every three years as well as after the purchase of properties and after completion of major renovation work.

Within the review period from the 1 January 2021 to the 31 December 2021, Wüest Partner inspected 27 properties belonging to PSP Real Estate AG, 22 properties belonging to PSP Properties AG and six properties belonging to Immobiliengesellschaft Septima AG.

Results

A total of 157¹ investment properties and property units as well as twelve investment properties under construction were valued as of the 31 December 2021 by Wüest Partner. As of the 31 December 2021 the fair value of all 157 investment properties is estimated at 8,466,600,000 Swiss Francs and of the twelve investment properties under construction in accordance with IAS 40 at 532,170,000 Swiss Francs.

Changes during reporting period

During the reporting period from the 1 January 2021 to the 31 December 2021 three properties were sold from the investment properties:

- Locarno, Via Respini 7, 9;
- Wabern, Gurtenbrauerei 37 (partial sale);
- Zurich, Schaffhauserstrasse 611.

In the same period, the following two properties were sold from the development properties:

- Kilchberg, Seestrasse 40, 42;
- Wädenswil, Dreiecksparzelle.

Furthermore, five properties were reclassified from investment properties to development properties:

- Basel, Freie Strasse 38 / Pfluggasslein 2;
- Bern, Zeughausgasse 26/28;
- Wallisellen, Richtistrasse 3;
- Zurich, Gartenstrasse 32;
- Zurich, Zollstrasse 6 (1st quarter 2021).

During the reporting period four development property were reclassified from development properties to investment properties:

- Zurich, Bahnhofplatz 1 / Bahnhofquai 9, 11, 15;
- Zurich, Forrlibuckstrasse 160, 190, 192 / Hardturmstrasse 181, 183;
- Zurich, Waisenhausstrasse 2, 4 / Bahnhofquai 7;
- Zurich, Zollstrasse 6 (4th quarter 2021).

Independence and confidentiality

In line with Wüest Partner's business policy, the properties of PSP Swiss Property were valued independently and neutrally. The valuation only serves the purpose mentioned above. Wüest Partner does not assume any liability towards third parties.

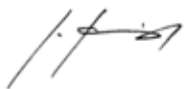
¹ Excluding the property Seestrasse 353 in Zurich, which is owner-occupied.

Valuation fee

The compensation for the valuation services provided by Wüest Partner is independent of the valuation result. It is based on the number of valuations to be carried out and on the leasable area of the property.

Zurich, 20 January 2022

Wüest Partner AG



Patrik Schmid

Chartered Surveyor MRICS | dipl. Architekt ETH/SIA | MAS ETH MTEC/BWI | Partner



Moritz Menges

Chartered Surveyor MRICS | Diplom-Wirtschaftsingenieur | Director

Annex: Valuation assumptions

Investment properties

For the valuation of the 157 properties, the following ranges of nominal discount rates were applied:

<i>Table 1</i>	<i>Minimum discount rate</i>	<i>Maximum discount rate</i>	<i>Average discount rate</i>
<i>Region</i>	<i>in %</i>	<i>in %</i>	<i>(weighted average*)</i>
			<i>in %</i>
<i>Zurich</i>	<i>2.26</i>	<i>4.77</i>	<i>2.89</i>
<i>Geneva</i>	<i>2.26</i>	<i>4.57</i>	<i>2.96</i>
<i>Lausanne</i>	<i>2.66</i>	<i>4.32</i>	<i>3.25</i>
<i>Basel</i>	<i>2.86</i>	<i>3.92</i>	<i>3.37</i>
<i>Bern</i>	<i>2.56</i>	<i>4.27</i>	<i>3.18</i>
<i>Other regions</i>	<i>2.86</i>	<i>4.32</i>	<i>3.76</i>
<i>All regions</i>	<i>2.26</i>	<i>4.77</i>	<i>3.01</i>

* average of discount rates for individual valuations, weighted by market value

For the valuation of the properties, the following ranges of sustainable market rents were applied:

<i>Table 2</i>	<i>Office</i>	<i>Retail</i>	<i>Storage</i>	<i>Outdoor</i>	<i>Indoor</i>	<i>Residential</i>
<i>Region</i>	<i>CHF / m² p.a.</i>	<i>CHF / m² p.a.</i>	<i>CHF / m² p.a.</i>	<i>parking</i>	<i>parking</i>	<i>CHF / m² p.a.</i>
				<i>CHF / p.mo.</i>	<i>CHF / p.mo.</i>	
<i>Zurich</i>	<i>120 - 820</i>	<i>140 - 5'700</i>	<i>25 - 650</i>	<i>35 - 580</i>	<i>70 - 700</i>	<i>158 - 918</i>
<i>Geneva</i>	<i>200 - 800</i>	<i>275 - 4'000</i>	<i>100 - 600</i>	<i>60 - 450</i>	<i>100 - 490</i>	<i>317 - 350</i>
<i>Lausanne</i>	<i>150 - 390</i>	<i>110 - 1'500</i>	<i>80 - 300</i>	<i>65 - 300</i>	<i>150 - 360</i>	<i>127 - 396</i>
<i>Basel</i>	<i>190 - 360</i>	<i>95 - 1'300</i>	<i>85 - 700</i>	<i>70 - 300</i>	<i>50 - 300</i>	<i>170 - 385</i>
<i>Bern</i>	<i>100 - 340</i>	<i>110 - 1'250</i>	<i>30 - 185</i>	<i>50 - 180</i>	<i>140 - 250</i>	<i>170 - 376</i>
<i>Other regions</i>	<i>140 - 420</i>	<i>150 - 1'600</i>	<i>60 - 250</i>	<i>35 - 200</i>	<i>40 - 440</i>	<i>192 - 383</i>
<i>All regions</i>	<i>100 - 820</i>	<i>95 - 5'700</i>	<i>25 - 700</i>	<i>35 - 580</i>	<i>40 - 700</i>	<i>127 - 918</i>

The following ranges for structural vacancies were used for the valuation of the properties:

<i>Table 3</i>	<i>Office</i>	<i>Retail</i>	<i>Storage</i>	<i>Outdoor</i>	<i>Indoor</i>	<i>Residential</i>
<i>Region</i>	<i>in %</i>	<i>in %</i>	<i>in %</i>	<i>parking</i>	<i>parking</i>	<i>in %</i>
				<i>in %</i>	<i>in %</i>	
<i>Zurich</i>	<i>2.5 - 10.0</i>	<i>2.5 - 30.0</i>	<i>2.5 - 60.0</i>	<i>1.0 - 25.0</i>	<i>1.0 - 30.0</i>	<i>1.0 - 15.0</i>
<i>Geneva</i>	<i>3.0 - 6.0</i>	<i>3.0 - 6.0</i>	<i>2.0 - 10.0</i>	<i>3.0 - 6.0</i>	<i>5.0 - 25.0</i>	<i>1.0 - 1.0</i>
<i>Lausanne</i>	<i>4.0 - 9.0</i>	<i>4.0 - 8.5</i>	<i>4.0 - 15.0</i>	<i>3.0 - 10.0</i>	<i>2.0 - 20.0</i>	<i>3.0 - 4.0</i>
<i>Basel</i>	<i>3.0 - 6.5</i>	<i>3.0 - 5.0</i>	<i>3.0 - 20.0</i>	<i>1.0 - 4.0</i>	<i>2.0 - 6.0</i>	<i>2.0 - 5.0</i>
<i>Bern</i>	<i>2.5 - 7.0</i>	<i>4.0 - 10.0</i>	<i>3.0 - 15.0</i>	<i>1.0 - 15.0</i>	<i>1.0 - 10.0</i>	<i>2.0 - 3.0</i>
<i>Other regions</i>	<i>4.0 - 15.0</i>	<i>3.0 - 20.0</i>	<i>3.5 - 30.0</i>	<i>1.0 - 25.0</i>	<i>1.0 - 20.0</i>	<i>1.0 - 5.0</i>
<i>All regions</i>	<i>2.5 - 15.0</i>	<i>2.5 - 30.0</i>	<i>2.0 - 60.0</i>	<i>1.0 - 25.0</i>	<i>1.0 - 30.0</i>	<i>1.0 - 15.0</i>

The following general assumptions underlie the valuations of the investment properties:

- The valuation is based on PSP Swiss Property's rent roll as of the 1 January 2022.
- The DCF model used corresponds to a two-phase model. The valuation period extends from the valuation date to the end of the reporting period with an implicit residual value in the eleventh period.
- The discount rate is based on a risk-adjusted interest rate. The respective rate is determined individually for each property by using corresponding comparative values from freehand transactions. It is calculated as follows: Risk-free interest rate + real estate risk (immobility of capital) + surcharge macrolocation + surcharge microlocation depending on use + surcharge property quality and income risk + any specific surcharges or discounts. Depending on the property, use and location, the nominal discount rates range between 2.26 percent and 4.77 percent (see Table 1).
- Unless otherwise specified, the valuations assume an annual inflation rate of 0.5 percent, both for earnings and for all expenses. The discount rate is adjusted accordingly in nominal terms.
- Credit risks of the respective tenants are not explicitly taken into account in the valuation.
- Specific indexations of existing leases are taken into account on an individual basis. Once the contracts have expired, a degree of indexation of 80 percent (Swiss average) and an average contract term of five years are assumed.
- In the case of existing leases, the individual payments are scheduled in accordance with the terms of the contract. Once the contracts have expired, the cash flows are taken into account quarterly in advance for business use and monthly in advance for residential use.
- As far as operating costs are concerned, it was assumed that completely separate ancillary cost accounts are kept, and that tenants' ancillary costs are outsourced accordingly.
- The maintenance costs (repair and maintenance costs) were calculated using a building analysis tool. Based on a status analysis of the individual components, the remaining service life is determined, the periodic renewal modelled, and the annual annuities calculated. The calculated values are checked for plausibility using the cost benchmarks collected by Wüest Partner.

Sites and development properties

Wüest Partner also determined the market values of the sites and development properties. The valuations of these projects are based on the following assumptions:

- PSP Swiss Property has divided the properties into sub-developments. For reasons of transparency, this subdivision is adopted by Wüest Partner in the valuations. The value of the projects or properties is equal to the sum of the individual properties or parts of properties.
- The overall strategy regarding project development/promotion (e.g. sale vs. letting) is adopted by PSP Swiss Property if it appears plausible to Wüest Partner.
- PSP Swiss Property's basic data is verified and adjusted if necessary (e.g. utilisation, lettable areas, deadlines/development process, letting/absorption).
- The valuations are subjected to an independent income and cost assessment as well as to a return analysis.
- It is assumed that the construction costs are secured by work contracts with general contractors and total contractors.
- The construction costs include PSP Swiss Property's services as client representative and project developer.
- In the case of properties held for sale (e.g. condominiums), the sales costs are included in the valuations.
- The preparatory work is included in the construction costs if these are known (e.g. remediation of contaminated sites, demolitions, infrastructure).
- The construction costs include the usual ancillary construction costs excluding construction financing. These are implicitly included in the DCF model.
- Previously performed and value-relevant services of third parties or PSP Swiss Property are taken into account if they are known.
- It is assumed that income from the planned commercial properties is subject to value-added tax. The posted construction costs are therefore exclusive of VAT.
- The valuations do not include any deferred taxes.

Valuation of investment properties: Discount rates

Discount rates in % (Market value in CHF 1 000)	Zurich area		Geneva area		Basel area		
	Number of properties	Market value	Number of properties	Market value	Number of properties	Market value	
2.25 - 2.49	12	1 308 560	2	261 840	0	0	
2.50 - 2.74	18	1 087 140	5	210 140	0	0	
2.75 - 2.99	10	811 430	4	250 280	3	41 410	
3.00 - 3.24	18	1 072 950	4	296 410	3	172 440	
3.25 - 3.49	3	98 770	2	103 660	4	248 130	
3.50 - 3.74	6	525 660	1	97 840	2	131 890	
3.75 - 3.99	3	160 600	0	0	2	97 020	
4.00 - 4.24	1	22 070	0	0	0	0	
4.25 - 4.49	3	63 350	0	0	0	0	
4.50 - 4.74	1	25 350	1	38 410	0	0	
4.75 - 4.99	1	16 950	0	0	0	0	
Total	76	5 192 830	19	1 258 580	14	690 890	

The discount rates, which are applied at the semi-annual portfolio valuations by the external, independent property valuation company, are property-specific and take into account object-specific factors such as location, tenant quality, ownership conditions and property quality.

At the end of 2021, the portfolio's average weighted nominal discount rate was 3.01% (end of 2020: 3.20%).

	Bern area		Lausanne area		Other areas		All investment properties	
	Number of properties	Market value	Number of properties	Market value	Number of properties	Market value	Number of properties	Market value
	0	0	0	0	0	0	14	1 570 400
	5	115 220	2	46 750	0	0	30	1 459 250
	0	0	4	213 950	3	37 320	24	1 354 390
	3	111 930	1	7 080	1	14 120	30	1 674 930
	3	189 450	2	46 190	3	28 800	17	715 000
	2	28 570	2	31 490	4	58 200	17	873 650
	1	18 190	0	0	3	150 940	9	426 750
	0	0	4	90 780	1	2 030	6	114 880
	1	17 310	1	14 910	2	101 070	7	196 640
	0	0	0	0	0	0	2	63 760
	0	0	0	0	0	0	1	16 950
	15	480 670	16	451 150	17	392 480	157	8 466 600

EPRA reporting

The European Public Real Estate Association (EPRA) is the widely-recognised market standard guidance and benchmark provider for the European real estate industry. EPRA's Best Practices Recommendations Guidelines dictate the ongoing reporting of a set of performance metrics intended to enhance the quality of reporting by bridging the gap between the regulated IFRS reporting presented and specific analysis relevant to the European real estate industry. These standardised EPRA performance measures provide additional relevant earnings, balance sheet and operational metrics and facilitate for the simple and effective comparison of performance-related information across the industry.

PSP Swiss Property applies the best practices recommendations of EPRA for financial reporting and also for sustainability reporting. This section in PSP Swiss Property's financial statements presents only the EPRA financial reporting.

PSP Swiss Property has been a member of EPRA since 2001 and started to disclose EPRA performance figures in 2010. Since year 2015, the figures have been audited by independent auditors. The report on the figures for this year can be found on pages 114 to 115.

The disclosure is based on the Best Practices Recommendations Guidelines published in October 2019.

For more information about EPRA and EPRA's best practice policies please visit EPRA's web page: www.epra.com.

EPRA Performance Measures

Summary table EPRA performance measures

Measure	Definition	Purpose	2020	2021
1 EPRA EARNINGS PER SHARE	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	CHF 4.32	CHF 4.48
2 EPRA NAV METRICS PER SHARE	EPRA Net Reinstatement Value: Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.		CHF 123.19	CHF 135.40
	EPRA Net Tangible Assets: Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	CHF 120.76	CHF 132.90
	EPRA Net Disposal Value: Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.		CHF 100.25	CHF 110.30
3 (i) EPRA NET INITIAL YIELD (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	3.4%	3.0%
(ii) EPRA "TOPPED-UP" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		3.4%	3.1%
4 EPRA VACANCY RATE	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	3.0%	3.9%
5 EPRA COST RATIOS	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	18.2%	18.4%
	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.		17.2%	17.3%

The details for the calculation of the EPRA performance measures are shown in the following tables.

1 EPRA earnings & EPRA earnings per share (EPS)

(in CHF 1 000)

	2020	2021
Earnings per IFRS statement of profit or loss	292 091	595 022
Adjustments to calculate EPRA earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	- 101 578	- 464 920
Profits or losses on disposal of investment properties, development properties held for investment and other interests	0	- 9 462
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	- 16 115	- 20 059
Tax on profits or losses on disposals	2 887	4 980
Negative goodwill / goodwill impairment	n.a.	n.a.
Changes in fair value of financial instruments and associated close-out costs	n.a.	n.a.
Acquisition costs on share deals and non-controlling joint venture interests	n.a.	n.a.
Deferred tax in respect of EPRA adjustments	20 948	99 903
Adjustments to above in respect of joint ventures	n.a.	n.a.
Non-controlling interests in respect of the above	n.a.	n.a.
EPRA earnings	198 233	205 464
Average number of outstanding shares	45 867 891	45 867 891
EPRA EPS in CHF	4.32	4.48

2 EPRA Net Asset Value metrics

(in CHF 1 000)	31 December 2020			31 December 2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	4 579 165	4 579 165	4 579 165	5 019 087	5 019 087	5 019 087
Include / Exclude:						
Hybrid instruments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Diluted NAV	4 579 165	4 579 165	4 579 165	5 019 087	5 019 087	5 019 087
Include:						
Revaluation of IP (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of other non-current investments ¹	5 273	5 273	5 273	8 823	8 823	8 823
Revaluation of tenant leases held as finance leases	0	0	0	0	0	0
Revaluation of trading properties ¹	28 224	28 224	28 224	28 284	28 284	28 284
Diluted NAV at Fair Value	4 612 662	4 612 662	4 612 662	5 056 194	5 056 194	5 056 194
Exclude:						
Deferred tax in relation to fair value gains of IP ²	9 188 17	9 136 28		1 039 541	1 034 332	
Fair value of financial instruments	14 046	14 046		6 217	6 217	
Goodwill as result of deferred tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Goodwill as per the IFRS balance sheet		n.a.	n.a.		n.a.	n.a.
Intangibles as per the IFRS balance sheet		- 1 298			- 742	
Include:						
Fair value of fixed interest rate debt ³			- 14 418			2 992
Revaluation of intangibles to fair value	0			0		
Real estate transfer tax	104 764	0		108 461	0	
NAV	5 650 290	5 539 039	4 598 244	6 210 414	6 096 001	5 059 185
Fully diluted number of shares	45 867 891	45 867 891	45 867 891	45 867 891	45 867 891	45 867 891
NAV per Share	123.19	120.76	100.25	135.40	132.90	110.30

¹ Based on the valuation of the external appraiser, shown net after deduction of deferred taxes.

² For adding back the deferred taxes option 1 was used: The entire investment portfolio is generally intended to be held long-term and the trading properties will be sold short-term.

³ Shown net after deduction of deferred taxes.

Additional deferred tax disclosure

	31 December 2020			31 December 2021		
	Fair Value	as % of total portfolio	% of deferred tax excluded	Fair Value	as % of total portfolio	% of deferred tax excluded
Portfolio that is subject to deferred tax and intention is to hold and not to sell in the long run	8 470 974	100%	100%	9 052 949	100%	100%
Portfolio that is subject to partial deferred tax and to tax structuring	0	0%	0%	0	0%	0%

3 EPRA net initial yield (NIY)

(in CHF 1 000)	31 December 2020	31 December 2021
Investment property - wholly owned	8 427 954	9 005 829
Investment property - share of JVs/Funds	n.a.	n.a.
Trading property (including share of JVs)	112 681	85 010
Less developments	- 895 091	- 617 180
Completed property portfolio	7 645 544	8 473 659
Allowance for estimated purchasers' costs	n.a.	n.a.
Gross up completed property portfolio valuation (B)	7 645 544	8 473 659
Annualised cash passing rental income	295 780	291 569
Property outgoings	- 39 248	- 40 780
Annualised net rents (A)	256 532	250 789
Add: notional rent expiration of rent free periods or other lease incentives ¹	5 802	13 758
Topped-up net annualised rent (C)	262 335	264 547
EPRA NIY (A/B)	3.4%	3.0%
EPRA "topped-up" NIY (C/B)	3.4%	3.1%

¹ The weighted average rent-free period for the reporting period is 4.2 months (2020: 3.5 months).

4 EPRA vacancy rate

(in CHF 1 000)	31 December 2020	31 December 2021
Estimated rental value of vacant space (A)	9 200	12 258
Estimated rental value of the whole portfolio (B)	305 132	314 153
EPRA vacancy rate (A/B)	3.0%	3.9%

The increase in the vacancy rate to 3.9% compared to 3.0% in the previous year is due to a few newly vacant spaces in investment properties. All regions except Lausanne recorded an increase in the vacancy rate.

5 EPRA cost ratio

(in CHF 1 000)	2020	2021
Administrative/operating expense line per IFRS income statement	53 869	56 931
Net service charge costs/fees	0	0
Management fees less actual/estimated profit element	33	34
Other operating income/recharges intended to cover overhead expenses less any related profits	0	0
Share of Joint Ventures expenses	0	0
Exclude (if part of the above):		
Investment property depreciation	0	0
Ground rent costs	0	0
Costs (including direct vacancy costs) (A)	53 902	56 965
Direct vacancy costs	3 058	3 472
Costs (excluding direct vacancy costs) (B)	50 844	53 493
Gross rental income less ground rent costs	296 274	309 638
Add: share of Joint Ventures (Gross Rental Income less ground rent costs)	n.a.	n.a.
Gross rental income (C)	296 274	309 638
EPRA cost ratio (including direct vacancy costs) (A/C)	18.2%	18.4%
EPRA cost ratio (excluding direct vacancy costs) (B/C)	17.2%	17.3%
Capitalised operating costs	2 354	2 297

Staff costs for the development of own projects amounting to CHF 2.4 million (2020: CHF 2.7 million) have been capitalised but are not excluded from the table above. All costs directly associated with the purchase or construction of properties as well as all subsequent value-enhancing capital expenditures qualify as acquisition costs and are capitalised. Capitalised own services arising from the development of own projects are valued at production costs.

EPRA Core Recommendations: Investment Property Reporting

Accounting basis under IAS 40

IAS 40.30 allows real estate companies to choose either the fair value model or the cost model as their accounting policy for its investment properties.

PSP Swiss Property discloses the investment properties at fair value. Fair values are determined semi-annually by an external, independent property valuation company. The valuations are based on the discounted cash flow method according to the “Highest and Best Use” concept of IFRS 13.

Valuation information

The description of and disclosure on the valuation procedures adopted by the company should lead to increased confidence in the valuation result and an increase in the prevalence and credibility of external valuations.

The fair value of the properties classified according to IAS 40 / IFRS 5 is assessed every six months by the external, independent valuation company (see the Property Valuation Report of the valuation company Wüest Partner on pages 94 to 101). Thereby, the appraiser has access to company information with regard to lease contracts, operating costs and investments. The external valuations are verified internally by PSP Swiss Property by means of random checks of the input factors in the discounted cash flow (DCF) valuations, own DCF valuations, a systematic analysis of deviations from previous valuations as well as a discussion of the valuation results with the external appraiser. Furthermore, PSP Swiss Property carries out a periodic back testing of various input factors (rental income, vacancies, operating costs), which were used by the external valuation company. In addition, the valuation results are discussed in detail by the Executive Board and submitted to the Board of Directors.

Investment and development assets

Real estate companies should include information on completed investment properties (and trading properties and joint venture interests where they are material) in their management narrative or in an exhibit.

Development activities can represent a source of significant value creation for property companies but can also comprise a greater financial risk than the ownership of existing rented assets. It is important therefore to provide sufficient information to enable investors to gain a clear understanding of the potential risks and opportunities associated with the development assets.

The required information can be found on pages 16 to 21.

Like-for-like rental growth reporting

Like-for-like net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described. At the end of the reporting period the like-for-like portfolio consists of 147 investment properties which have a fair value of CHF 7.155 billion.

(in CHF 1 000)	Net rental income previous years period	Effect from portfolio changes	Like-for-like growth	Like-for-like growth in %	Net rental income reporting period
Zurich	152 283	- 747	- 1 746	- 1.1%	149 790
Geneva	26 789	3 479	449	1.7%	30 716
Basel	23 716	- 510	- 1 002	- 4.2%	22 204
Bern	15 929	468	643	4.0%	17 040
Lausanne	14 941	0	845	5.7%	15 786
Other locations	21 406	- 283	397	1.9%	21 520
Sites and development properties	18 338	10 224	0	n.a.	28 562
Net Rental Income¹	273 402	12 632	- 415	- 0.2%	285 618

¹ Net Rental Income consists of the rental income deducting operating expenses from the Real Estate Investment segment.

The decrease in rent reliefs granted in connection with Covid-19 compared to the previous year had a positive impact on like-for-like growth. EPRA like-for-like growth excluding rent reliefs due to Covid-19 would have been - 0.5%.

Additional portfolio information

Additional information and disclosure on property statistics such as rental data, valuation Data, development and redevelopment as well as lease data can be found on pages 226 to 243.

Capital expenditure disclosure

PSP Swiss Property has decided to use the table provided by EPRA to disclose the EPRA CapEx figures. The following table shows only the value-enhancing expenses and not the portion that is realised in the statement of profit or loss. As PSP Swiss Property is not involved in any joint ventures and therefore no such disclosure is made.

(in CHF 1 000)	2020	2021
Acquisitions	361 644	0
Development	97 908	111 234
Investment Properties		
– Incremental lettable space ¹	n.a.	n.a.
– No incremental lettable space	37 217	41 817
– Tenant incentive	4 244	7 380
– Other material non-allocated types of expenditure	n.a.	n.a.
– Capitalised interests	1 803	1 037
Total CapEx	502 815	161 469
Conversion from accrual to cash basis	– 24	– 21 005
Total CapEx on cash basis	502 791	140 464

1 An increase in lettable space is generally achieved with capex in development properties. Capex in investment properties is generally made to enhance existing lettable space rather than to increase lettable space.

There were no acquisitions of properties in the reporting period. (Previous year: Acquisitions at Grubenstrasse 6 in Zurich, Rue de la Corraterie 5, 7 / Rue de la Cité 6 in Geneva, Rue de la Confédération 2 in Geneva and Seilerstrasse 8 in Bern).

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To the Management of
PSP Swiss Property Ltd, Zug

Zurich, 21 February 2022

Independent assurance report on the EPRA reporting

We have been engaged by PSP Swiss Property Ltd. to perform a reasonable assurance engagement of the EPRA reporting containing the EPRA performance measures (pages 104 to 112) of PSP Swiss Property Ltd for the period ended 31 December 2021.

The EPRA reporting was prepared by Management of PSP Swiss Property Ltd based on the corresponding Best Practices Recommendations of the European Public Real Estate Association (EPRA) as published in October 2019.

Management's responsibility

The Management of PSP Swiss Property Ltd is responsible for the preparation of the EPRA reporting in accordance with the EPRA Best Practices Recommendations. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of an EPRA reporting that is free from material misstatement, whether due to fraud or error. Management is further responsible for the interpretation of the EPRA Best Practices Recommendations.

Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Ernst & Young Ltd applies *International Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent practitioner's responsibility

Our responsibility is to express an opinion on the EPRA reporting based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the EPRA reporting containing the EPRA performance measures is free from material misstatement.



2

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the amounts and disclosures in the EPRA reporting. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement of the EPRA reporting, whether due to fraud or error. In making those risk assessments, the practitioner considers internal control relevant to the entity's preparation of the EPRA reporting.

We performed the following procedures amongst others:

- ▶ Inquiries with persons responsible for the preparation of the EPRA performance measures.
- ▶ Assessing the EPRA performance measures regarding completeness and accuracy of the deductions from the underlying IFRS numbers derived from the consolidated financial statements of PSP Swiss Property Ltd as at 31 December 2021 or if applicable other internal source data.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the EPRA reporting of PSP Swiss Property Ltd containing the EPRA performance measures for the period ended 31 December 2021 is prepared, in all material respects, in accordance with the EPRA Best Practices Recommendations as published in October 2019.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Gianantonio Zanetti
Licensed audit expert

Statement of profit or loss

(in CHF 1 000)	2020	2021	Note
Operating expenses	- 3 308	- 3 423	3.1
Total operating expenses	- 3 308	- 3 423	
Earnings before interest and taxes (ebit)	- 3 308	- 3 423	
Financial income	34 452	35 911	3.2
Financial expenses	- 15 091	- 12 258	3.3
Financial result	19 361	23 653	
Earnings before taxes (ebt)	16 053	20 230	
Direct taxes	- 1 921	- 1 393	
Net profit	14 133	18 837	

The notes are part of these financial statements.

Balance sheet

(in CHF 1 000)	31 December 2020	31 December 2021	Note
Cash and cash equivalents	20 961	15 653	
Trade receivables			
– to third parties	65	54	
– to investments	26	95	
Total current assets	21 051	15 802	
Financial assets			
– Loans to investments	2 453 200	2 273 200	3.4
– Other financial assets	2 965	2 582	3.4
Investments	1 322 245	1 322 245	3.5
Total non-current assets	3 778 410	3 598 027	
Total assets	3 799 461	3 613 829	
Trade creditors			
– to third parties	360	368	
Other current liabilities			
– to third parties	58	48	
Interest-bearing debt			
– to third parties	430 122	175 171	3.6
– to investments	133	54	3.6
Deferred income and accrued expenses	9 694	9 017	
Total current liabilities	440 367	184 659	
Other non-current liabilities			
– to third parties	4 112	3 099	
Non-current interest-bearing debt			
– to third parties	2 610 002	2 830 001	3.6
– to investments	5 100	4 800	3.6
Total non-current liabilities	2 619 213	2 837 901	
Share capital	4 587	4 587	
Legal capital reserves			
– Statutory reserves from capital contributions	381	381	
General legal reserves	2 000	2 000	
Voluntary retained earnings			
– Statutory and regulative-decided retained earnings	717 612	564 582	
– Retained earnings	15 301	19 720	
Total shareholders' equity	739 881	591 269	
Total liabilities and shareholder's equity	3 799 461	3 613 829	

The notes are part of these financial statements.

Notes to the financial statements 2021

1 General information

PSP Swiss Property Ltd is a public company whose shares are traded on the SIX Swiss Exchange. The registered office is located at Kolinplatz 2, 6300 Zug. PSP Swiss Property Ltd was registered in the Commercial Register of the Canton of Zug on 28 July 1999.

The Company's purpose is the acquisition, holding and sale of participations in companies with the following main purposes:

- acquisition, holding and sale of real estate in Switzerland, which serve as permanent establishments
- acquisition, holding and sale of land abroad
- management and brokerage of land
- planning and execution of development and conversion projects of all kinds
- financing of group companies

The Company can incorporate or acquire, finance and participate in companies.

The financial statements of PSP Swiss Property Ltd for the year 2021 were authorised for issue by the Board of Directors on 21 February 2022.

2 Summary of significant accounting policies

2.1 Accounting principles (article 959c, paragraph 1 CO)

The present annual financial statements were drawn up in accordance with the provisions for accounting and reporting of Switzerland's Code of Obligations (CO). The major accounting and valuation principles, which are not already required by the Code of Obligations, are described below.

PSP Swiss Property prepares consolidated financial statements on a Group level according to recognised accounting standards. Therefore, the Company does not publish additional notes, a management report and a cash flow statement (article 961d CO).

2.2 Estimates and assumptions by the Executive Board

The preparation of consolidated financial statements in conformity with Switzerland's Code of Obligations requires the use of certain assumptions and estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. PSP Swiss Property makes estimates and assumptions concerning the future. The resulting accounting will not necessarily equal the later actual results.

2.3 Financial result

Financial income consists basically of interests from loans to direct or indirect investments. Financial expenses mainly include interest expenses for financial liabilities to third parties.

2.4 Cash and cash equivalents

Liquid assets are shown in the balance sheet at their nominal value; they include bank deposits.

2.5 Trade receivables

Trade receivables are recorded in the balance sheet at their nominal value. Trade receivables liable to default are evaluated on an individual basis and provisions for bad debts are made accordingly.

2.6 Loans to investments

Loans to direct or indirect investments are recorded in the balance sheet at their nominal value. If necessary, value adjustments are made for potential impairment losses.

2.7 Investments

Investments are recorded at historical costs and valued individually. If necessary, value adjustments are made for potential impairment losses.

2.8 Interest-bearing debt, bonds and notes

Short- and long-term financial debts in the form of bank credit lines as well as any bank debts in the form of current account overdrafts are stated at their nominal value. Bonds and notes are recognised at their nominal value. A premium (less issuing costs) is recognised under other non-current liabilities and amortised over the term of the bond (straight-line method). Issuing costs and additional financing expenses are capitalised and amortised over the bonds' term.

2.9 Treasury shares

Treasury shares are deducted at historical costs from shareholders' equity (voluntary retained earnings) at the acquisition date. At the disposal date, sales proceeds are credited to shareholders' equity (voluntary retained earnings).

3 Information and comments on items on the balance sheet and the statement of profit or loss

3.1 Operating expenses

(in CHF 1 000)	2020	2021
Investor Relations / Company expenses	- 2 269	- 2 503
Management fees	- 754	- 720
Other general and administration expenses	- 285	- 200
Total operating expenses	- 3 308	- 3 423

3.2 Financial income

(in CHF 1 000)	2020	2021
Income from loans to investments	34 452	35 911
Other financial income	0	1
Total financial income	34 452	35 911

3.3 Financial expenses

(in CHF 1 000)	2020	2021
Interest expense for liabilities to third parties	- 13 874	- 11 292
Interest expense on cash and cash equivalents	- 145	- 135
Other financial expenses	- 1 072	- 831
Total financial expenses	- 15 091	- 12 258

3.4 Financial assets

(in CHF 1 000)	31 December 2020	31 December 2021
Loans to investments	2 453 200	2 273 200
Other financial assets	2 965	2 582
Total long-term financial assets	2 456 165	2 275 782

Financial investments are mainly loans to direct or indirect investments.

3.5 Investments

(in CHF 1 000)	Registered office	Share capital 2020	Ownership 2020	Share capital 2021	Ownership 2021
Directly held investments					
PSP Participations Ltd	Zug	1 000 000	100%	1 000 000	100%
Indirectly held investments					
PSP Group Services Ltd	Zurich	100	100%	100	100%
PSP Real Estate Ltd	Zurich	50 600	100%	50 600	100%
PSP Management Ltd	Zurich	100	100%	100	100%
PSP Properties Ltd	Zurich	9 919	100%	9 919	100%
Immobilien-gesellschaft Septima AG	Zurich	5 700	100%	5 700	100%
SI 7 Place du Molard Ltd	Zurich	105	100%	105	100%
Associated companies					
IG REM	Zurich	n.a.	n.a.	n.a.	n.a.

None of these investments is listed on a stock exchange.

Together with two other companies, PSP Swiss Property holds a participation in the REM consortium (IG REM). IG REM deals with the maintenance, the further development and the distribution of the property management software “REM”.

3.6 Interest-bearing debt

(in CHF 1 000)	31 December 2020	31 December 2021
Liabilities to banks	40 000	75 000
Liabilities to investments	133	54
Short-term bonds and notes	390 122	100 171
Total current interest-bearing debt	430 255	175 225
Liabilities to banks	980 000	1 000 000
Liabilities to investments	5 100	4 800
Long-term bonds	1 630 002	1 830 001
Total non-current interest-bearing debt	2 615 102	2 834 801

Financial debt due to third parties consists of loans borrowed from various banks in the form of unsecured advances. Long-term debt includes loans which cannot be called in by a bank within twelve months. Short-term debt is any loan with a maximum term of one year.

At the end of 2021 (as at the end of 2020), no debt or loans were outstanding which were secured by mortgages on properties and no debt or loans were outstanding with an amortisation obligation.

3.7 Bonds according to article 959c, paragraph 4 CO

(in CHF 1 000)	Carrying value 31.12.19	Issue / Repayment	Amortisation issue costs	Reclassifica- tion	Carrying value 31.12.20
1.375% bond, maturing 04.02.20	200 000	- 200 000	0	0	n.a.
0.000% note, maturing 29.01.21	n.a.	100 000	0	0	100 000
0.000% bond, maturing 04.02.21	n.a.	100 000	0	0	100 000
0.000% note, maturing 10.05.21	n.a.	40 000	0	0	40 000
0.045% note, maturing 20.12.21	n.a.	0	0	150 000	150 000
Total short-term bonds / notes	200 000	40 000	0	150 000	390 000
0.045% note, maturing 20.12.21	150 000	0	0	- 150 000	n.a.
0.060% bond, maturing 11.02.22	100 000	0	0	0	100 000
0.000% bond, maturing 01.09.23	300 000	0	0	0	300 000
0.500% bond, maturing 16.02.24	300 002	0	- 1	0	300 002
1.000% bond, maturing 06.02.25	100 000	50 000	0	0	150 000
0.375% bond, maturing 29.04.26	200 000	0	0	0	200 000
0.700% bond, maturing 08.02.27	180 000	0	0	0	180 000
0.550% bond, maturing 04.02.28	150 000	0	0	0	150 000
0.150% bond, maturing 02.02.29	n.a.	150 000	0	0	150 000
0.000% bond, maturing 06.02.30	100 000	0	0	0	100 000
Total long-term bonds / notes	1 580 002	200 000	- 1	- 150 000	1 630 002

(in CHF 1 000)	Carrying value 31.12.20	Issue / Repayment	Amortisation issue costs	Reclassifica- tion	Carrying value 31.12.21
0.000% note, maturing 29.01.21	100 000	- 100 000	0	0	n.a.
0.000% bond, maturing 04.02.21	100 000	- 100 000	0	0	n.a.
0.000% note, maturing 10.05.21	40 000	- 40 000	0	0	n.a.
0.045% note, maturing 20.12.21	150 000	- 150 000	0	0	n.a.
0.060% bond, maturing 11.02.22	n.a.	0	0	100 000	100 000
Total short-term bonds / notes	390 000	- 390 000	0	100 000	100 000
0.060% bond, maturing 11.02.22	100 000	0	0	- 100 000	n.a.
0.000% bond, maturing 01.09.23	300 000	0	0	0	300 000
0.500% bond, maturing 16.02.24	300 002	0	- 1	0	300 001
1.000% bond, maturing 06.02.25	150 000	0	0	0	150 000
0.375% bond, maturing 29.04.26	200 000	0	0	0	200 000
0.700% bond, maturing 08.02.27	180 000	0	0	0	180 000
0.550% bond, maturing 04.02.28	150 000	0	0	0	150 000
0.150% bond, maturing 02.02.29	150 000	0	0	0	150 000
0.000% bond, maturing 06.02.30	100 000	0	0	0	100 000
0.200% bond, maturing 04.02.31	n.a.	200 000	0	0	200 000
0.160% bond, maturing 16.09.31	n.a.	100 000	0	0	100 000
Total long-term bonds	1 630 002	300 000	- 1	- 100 000	1 830 001

4 Further information

4.1 Information on the number of full-time positions

The Company does not employ any employees.

4.2 Major shareholders in accordance with article 663c CO

As at 31 December 2021, PSP Swiss Property Ltd was aware of the following major shareholders in accordance with article 663c of the Swiss Code of Obligations (shareholders with more than 5% of the voting rights):

Name	Domicile	Voting rights	Voting rights
		31 December 2020	31 December 2021
BlackRock Inc.	New York, N.Y., USA	5.95%	5.95%
Credit Suisse Funds AG	Zurich, Switzerland	5.20%	5.20%
UBS Fund Management (Switzerland) AG	Basel, Switzerland	3.06%	5.09%
Nominee exempt from reporting requirements (Chase Nominees Ltd)	London, UK	5.68%	5.27%

Details on the major shareholders in accordance with article 663c of the Swiss Code of Obligations and shareholders known to the Company with participations of 3% or more of the voting rights as well as the disclosures in accordance with article 120 ff. FMIA are shown in the “Corporate governance” section, figure 1.2, page 147.

At the end of the respective periods, the Members of the Board of Directors and the Executive Board held the following number of PSP shares:

Participations of members of the Board of Directors (non-executive)	Number of shares	
	31 December 2020	31 December 2021
Luciano Gabriel, Chairman	198 004	200 004
Corinne Denzler, Member	250	250
Adrian Dudle, Member	0	0
Prof. Dr. Peter Forstmoser, Member	2 000	2 000
Nathan Hetz, Member ¹	531 309	n.a.
Henrik Saxborn, Member	0	0
Josef Stadler, Member	168	0
Aviram Wertheim, Member	0	0
Total	731 731	202 254

¹ Until the Annual General Meeting of 31 March 2021.

In 2021, no participation rights or options were allocated to Members of the Board of Directors.

Participations of members of the Executive Board	Number of shares	
	31 December 2020	31 December 2021
Giacomo Balzarini, Chief Executive Officer/Chief Financial Officer	48 000	56 881
Reto Grunder, Chief Investment Officer	0	2 220
Martin Heggli, Chief Operating Officer	4 378	5 858
Total	52 378	64 959

Neither the Members of the Board of Directors nor the Members of the Executive Board held any options on PSP shares in 2021 or 2020. As in 2020, no loans were granted to Members of the Board of Directors or the Executive Board in 2021. As at the end of 2020, there were no claims on these Members at the end of 2021.

4.3 Compensations to the Members of the Board of Directors and the Executive Board

The disclosures required by the federal ordinance against excessive pay in stock exchange listed companies as well as the disclosure of the number and value of participation rights for Members of the Board of Directors and the Executive Board according to article 959c, paragraph 2 (11) CO are shown in the "Compensation report" on pages 130 to 132.

4.4 Treasury shares

	Number of registered shares	Cost/Sale value in CHF 1 000	Average transaction price in CHF
Purchases	15 587	2 383	152.90
Performance-based compensation in shares for the Executive Board	- 15 587	- 2 028	130.10
Effect of performance-based compensation		- 355	
31 December 2020	0	n.a.	n.a.
Purchases	13 321	1 508	113.18
Performance-based compensation in shares for the Executive Board	- 13 321	- 1 477	110.89
Effect of performance-based compensation		- 30	
31 December 2021	0	n.a.	n.a.

4.5 Contingent liabilities

With regard to value added tax, PSP Swiss Property Group companies are taxed on a Group level. As part of this Group, PSP Swiss Property Ltd bears joint and several liability to the tax authorities for their VAT obligations.

4.6 Subsequent events

On 11 February 2022, a 0.000% private placement (all-in - 0.45%) with a volume of CHF 100 million and a maturity in August 2022 was issued.

With effect from 17 February 2022 an asset swap was carried out with Swiss Life AG and the Anlagestiftung Swiss Life. Two commercial properties in Zurich at Lintheschergasse 10 and Mühlebachstrasse 2 were acquired for a total of CHF 67.6 million. In return, three properties were sold for a total of CHF 59.8 million (Rue du Pont 22 in Lausanne, Lintheschergasse 23 and Löwenstrasse 16 in Zurich). The difference was settled in cash.

There were no further material subsequent events.

Board of Directors' proposal concerning the appropriation of the retained earnings

The Board of Directors will propose to the Annual General Meeting on 31 March 2022, the appropriation of the retained earnings 2021 and the statutory and regulative-decided retained earnings as well as the distribution of a dividend of CHF 3.75 **gross per share** to the shareholders as follows:

Retained earnings (in CHF 1 000)	2020	2021
Profit carried forward from the previous year	1 169	883
Net Profit	14 133	18 837
Retained earnings	15 301	19 720
Allocation from statutory and regulative-decided retained earnings	153 000	153 000
Total available to the Annual General Meeting	168 301	172 720
Dividend payment of CHF 3.75 gross per share	- 167 418	- 172 005
Balance carried forward	883	716

If the proposal is approved, the statutory and regulative-decided retained earnings will change as follows:

Statutory and regulative-decided retained earnings (in CHF 1 000)	2020	2021
Balance carried forward from the previous year	717 967	564 612
Effect of performance-based compensation	- 355	- 30
Statutory and regulative-decided retained earnings	717 612	564 582
Transfer to retained earnings	- 153 000	- 153 000
Balance carried forward	564 612	411 582

Upon approval of the proposal, the dividend of CHF 3.75 gross per share will be paid out, net of withholding tax, presumably as of Wednesday, 6 April 2022, with ex-date on Monday, 4 April 2022.

The proposed dividend payment is based on the outstanding 45 867 891 shares of the Company. Treasury shares owned by the Company, if any, are not entitled to dividends. The number of shares qualifying for dividend payment will be established on the payment record date. The total amount of the dividend payment as well as the resulting balance to be carried forward may thus vary accordingly.



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To the General Meeting of
PSP Swiss Property Ltd, Zug

Zürich, 21 February 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of PSP Swiss Property Ltd, which comprise the balance sheet, income statement and notes (pages 116 to 125), for the year ended 31 December 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

**Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

**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 paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of retained earnings and statutory and regulative-decided retained earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Gianantonio Zanetti
Licensed audit expert



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Compensation report

1 Compensation of the Board of Directors

Compensation to members of the Board of Directors business year 2020 (in CHF 1 000)	Fixed compensation in cash	Fixed compensation in shares	Other benefits	Employer contributions pension benefits ¹	Total compensation
Luciano Gabriel, Chairman	160	0	0	0	160
Corinne Denzler, Member	75	0	0	3	78
Adrian Dudle, Member	75	0	0	3	78
Peter Forstmoser, Member	75	0	0	0	75
Nathan Hetz, Member	83	0	0	0	83
Henrik Saxborn, Member ²	64	0	0	13	77
Josef Stadler, Member	75	0	0	3	78
Aviram Wertheim, Member	83	0	0	4	87
Total	690	0	0	26	716

1 The pension-forming employer contributions to social insurance totalling TCHF 26 are recorded as remuneration elements and reported under employer pension contributions. The total employer contributions to the social security insurances amount to TCHF 44. No member of the Board of Directors is insured under a company pension scheme.

2 Elected at the Annual General Meeting of 9 April 2020.

Compensation to members of the Board of Directors business year 2021 (in CHF 1 000)	Fixed compensation in cash	Fixed compensation in shares	Other benefits	Employer contributions pension benefits ¹	Total compensation
Luciano Gabriel, Chairman	160	0	0	0	160
Corinne Denzler, Member	75	0	0	3	78
Adrian Dudle, Member	75	0	0	3	78
Peter Forstmoser, Member	75	0	0	0	75
Henrik Saxborn, Member	91	0	0	18	109
Josef Stadler, Member	75	0	0	3	78
Aviram Wertheim, Member	83	0	0	4	87
Nathan Hetz, Member ²	19	0	0	0	19
Total	653	0	0	31	684

1 The pension-forming employer contributions to social insurance totalling TCHF 31 are recorded as remuneration elements and reported under employer pension contributions. The total employer contributions to the social security insurances amount to TCHF 46. No member of the Board of Directors is insured under a company pension scheme.

2 Until the Annual General Meeting of 31 March 2021.

2 Compensation of the Executive Board

Compensations to members of the Executive Board business year 2020 (in CHF 1 000)	Fixed compen- sation in cash	Perfor- mance- based compen- sation in cash	Other bene- fits	Performance-based compensation in contractual blocked shares ¹		Employer contribu- tions pension benefits ²	Total compen- sation
				Amount	in number of shares		
Giacomo Balzarini, Chief Executive Officer/ Chief Financial Officer	652	0	0	986	8 881	189	1 827
Reto Grunder, Chief Investment Officer ³	352	247	0	247	2 220	65	910
Martin Heggli, Chief Operating Officer	302	164	0	164	1 480	54	685
Adrian Murer, Chief Investment Officer ⁴	113	82	0	82	740	24	301
Total	1 418	493	0	1 480	13 321	331	3 722

1 Allocated at the market value per share (average of daily closing prices week 50/2020: CHF 111.06).

2 The mandatory employer contributions to the state pension scheme (Old Age and Survivor's insurance, "AHV") are – in the amount of TCHF 15 in 2020 that entitles to the maximum AHV pension benefits – included as compensation element and listed – together with the employer contributions to the company pension scheme – under employer contributions pension benefits. The total employer contributions to the social security insurances (AHV/IV/EO) amount to TCHF 167. The performance-based compensation is not insured under the company pension schemes; the fixed compensation only up to an amount of TCHF 700.

3 As of 1 January 2020.

4 The information contains the compensation owed on a pro-rated basis pursuant to the employment contract and the termination agreement respectively, until the leaving of the Company per end of March 2020 and includes for the business year the fixed and performance-based compensations, other benefits and employer contributions for pension benefits until the exit date.

Compensations to members of the Executive Board business year 2021 (in CHF 1 000)	Fixed compen- sation in cash	Perfor- mance- based compen- sation in cash	Other bene- fits	Performance-based compensation in contractual blocked shares ¹		Employer contribu- tions pension benefits ²	Total compen- sation
				Amount	in number of shares		
Giacomo Balzarini, Chief Executive Officer/ Chief Financial Officer	652	0	0	1 345	12 243	179	2 176
Reto Grunder, Chief Investment Officer	352	336	0	336	3 061	61	1 086
Martin Heggli, Chief Operating Officer	302	224	0	224	2 041	51	801
Total	1 306	560	0	1 905	17 345	291	4 063

1 Allocated at the market value per share (average of daily closing prices week 50/2021: CHF 109.84).

2 The mandatory employer contributions to the state pension scheme (Old Age and Survivor's insurance, "AHV") are – in the amount of TCHF 11 in 2021 that entitles to the maximum AHV pension benefits – included as compensation element and listed – together with the employer contributions to the company pension scheme – under employer contributions pension benefits. The total employer contributions to the social security insurances (AHV/IV/EO) amount to TCHF 184. The performance-based compensation is not insured under the company pension schemes; the fixed compensation only up to an amount of TCHF 700.

3 Additional comments and information

The listed compensations refer to the 2021 business year and are disclosed according to the accrual principle (relating to the period of service and independent of the payment flows).

The compensation system and the compensations 2021 compared to those of the previous year are lined out in the following explanations on page 134 ff.

Further details as to the provisions of the Articles of Association on the compensations of the Board of Directors and the Executive Board are shown in section 5.2 of the Corporate Governance report on page 161 ff.

In the 2021 business year, as in the previous year, no loans and credits were granted to present or past members of the Board of Directors or the Executive Board respectively their related parties. In addition, as per 31 December 2021 – as likewise per 31 December 2020 – there were no such claims vis-à-vis of this group of people.

In the 2021 business year, legal fees of TCHF 16 were paid to lawyers of the law firm Niederer Kraft Frey Ltd, Zurich, where Mr. Peter Forstmoser holds the position of a partner (2020: TCHF 15). No legal fees were paid to Mr. Forstmoser himself.

Since 2001, there has been a lease contract, according to which Niederer Kraft Frey Ltd leases storage facilities from PSP Swiss Property with an annual rent of TCHF 57 in the reporting year (2020: TCHF 95). For Niederer Kraft Frey Ltd as well as for PSP Swiss Property, this annual rent is marginal and therefore neglectable compared to legal fee turnover respectively rental income (see the respective confirmation of Mr. Peter Forstmoser at www.psp.info > company > investors > governance > corporate governance).

In the 2021 business year, as in the previous year, no further disclosable compensations were paid directly or indirectly to present or past members of the Board of Directors or the Executive Board respectively their related parties.



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To the General Meeting of
PSP Swiss Property Ltd, Zug

Zurich, 21 February 2022

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of PSP Swiss Property Ltd (pages 130 to 132) for the year ended 31 December 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the remuneration report for the year ended 31 December 2021 of PSP Swiss Property Ltd complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Gianantonio Zanetti
Licensed audit expert

Explanations on the compensation system

1 Key features of the compensation system

The compensation system for the Board of Directors and the Executive Board of PSP Swiss Property is laid down in the Articles of Association (see Articles 22 ff. of the Articles of Association) and can be summarized for the **2021 business year** as follows:

- *The compensations of the members of the Board of Directors and the Executive Board are determined adequately and in line with market by the Board of Directors based on the proposal of the Compensation Committee.*
- *The members of the Board of Directors exclusively receive a fixed compensation, payable in cash and/or in equity securities.*
- *The members of the Executive Board receive a fixed compensation in cash and a variable, performance-based compensation, payable in cash and/or equity securities or option rights.*
- *The variable, performance-based compensation of the Executive Board is calculated pursuant to a formula – as explained in section 5.2 below – taking mainly into account the net earnings per share (EPS) without gains/losses on real estate investments and its change compared to the previous year. It is paid in shares with a contractual blocking period of three years, for the Chief Executive Officer (CEO) in 100% of such shares, for the remaining members of the Executive Board in 50% of such shares.*
- *As from 2015, the Annual General Meeting approves with binding effect and prospectively the maximum total amounts of compensations for the Board of Directors (for the period until the next Annual General Meeting) and for the Executive Board (for the next business year).*
- *As from 2015, the shareholders have a say on pay by way of an advisory vote on the compensation report.*

These key features remained the same as in the previous business year.

2 Determination of the compensations

The procedure for determination of the compensations of the members of the Board of Directors and the Executive Board was effective – without change compared to the previous year – for the **entire 2021 business year**.

The compensations are discretionary determined by the Board of Directors both adequately and in line with market and they are reviewed periodically. The Compensation Committee submits respective proposals to the Board of Directors, namely as to the compensation principles, the individual compensations and the corresponding employment contracts respectively mandates (for specific activities in the reporting year, see section 6 below).

The Board of Directors submits annually, based on the proposal of the Compensation Committee, the maximum total amounts of the compensations for the Board of Directors (for the period until the next Annual General Meeting) and for the Executive Board (for the next business year) to the Annual General Meeting for approval. The compensations determined by the Board of Directors are subject to such approvals by the Annual General Meeting. The employment contracts of the members of the Executive Board contain a corresponding proviso.

In the meetings of the Compensation Committee, the other members of the Board of Directors and the members of the Executive Board do not take part in general. The Chairman of the Board of Directors, the CEO and other invitees, however, may attend the meetings upon invitation of the Chairman of the Compensation Committee. They have only advisory vote. All members of the Board of Directors have access to the minutes of the Compensation Committee (for the work method of the Compensation Committee in the reporting year, see also section 3.4.2 f. on page 155 ff. of the Corporate Governance report).

These procedures have not changed compared to the previous year.

3 Compensation Committee

The members of the Compensation Committee are elected at the Annual General Meeting for a **term of office of one year** until the next Annual General Meeting. The Compensation Committee constitutes itself. **After the elections at the Annual General Meeting of 31 March 2021**, it is composed as follows:

Members	For the first time elected by the Annual General Meeting
Peter Forstmoser, Chairman	Annual General Meeting 2014
Adrian Dudle	Annual General Meeting 2016
Josef Stadler	Annual General Meeting 2014

4 The compensations of the Board of Directors

4.1 Basis and elements of the compensations of the Board of Directors

The basis and elements of the compensations of the Board of Directors were effective – without change compared to the previous year – for the **entire 2021 business year**:

- *Non-executive members of the Board of Directors receive a **fixed compensation**, payable in cash and/or equity securities.*
- *The company pays the **employer's contributions to social security insurances (AHV/IV/EO/ALV)** and to the compulsory family compensation fund as well as allowances for out-of-pocket business expenses, which are not part of the salary. Only the employer contributions to the state pension scheme (Old Age and Survivors' Insurance, "AHV") are – to the extent that they entitle to the maximum AHV pension benefits – regarded as compensation element.*
- *Executive members of the Board of Directors, if any, are remunerated as members of the Executive Board and do not receive an additional remuneration for activities as members of the Board of Directors. Respective compensations are disclosed – and approved by the General Meeting – as part of the compensations of the Executive Board.*

- *The activities and the chairmanship in the Committees are not separately remunerated.*
- *Non-executive members of the Board of Directors are not insured under an employee pension scheme.*

4.2 The amounts of compensations of the members of the Board of Directors

The last modification of the **fixed compensations** of the Board of Directors was made on **18 August 2008** and the respective amounts have **remained unchanged since, also for the reporting year**:

- *The Chairman of the Board of Directors receives an annual gross compensation of CHF 160 000, irrespective of the number of meetings of the Board of Directors.*
- *A member of the Board of Directors receives an annual gross compensation of CHF 75 000 and an additional CHF 8 000 gross for each meeting of the Board of Directors in excess of six meetings.*
- *Members of the Board of Directors who travel from abroad receive an additional CHF 8 000 gross for each meeting of the Board of Directors.*
- *The activities and chairmanship in the Committees are not separately remunerated.*

The compensations of the members of the Board of Directors for the 2021 business year are set out in **section 1** of the compensation report.

4.3 Addendum: The compensations of the members of the Board of Directors for the period from the Annual General Meeting 2020 to the Annual General Meeting 2021

The Annual General Meeting of 9 April 2020 has approved a maximum total amount of compensations for the members of the Board of Directors, including the Chairman, of TCHF 1 000 until the Annual General Meeting 2021. Such amount was calculated based on the assumption of a maximum of eight Board Meetings during the term of office. Because at the time of the publication of the 2020 compensation report on 23 February 2021 the number of Board Meetings to be held until the Annual General Meeting 2021 was still uncertain, the total amount of compensations could only be stated tentatively therein with TCHF 722. The definite total amount of compensations is **TCHF 722** and is composed as follows:

Total compensations of the Board of Directors ^{1, 2}	(in CHF 1 000)	from AGM 2020	from 1 January 2021	from AGM 2020
		to 31 December 2020	to AGM 2021	to AGM 2021
Luciano Gabriel, Chairman		120	40	160
Corinne Denzler, Member		59	20	78
Adrian Dudle, Member		59	20	78
Peter Forstmoser, Member		56	19	75
Nathan Hetz, Member		56	19	75
Henrik Saxborn, Member		77	22	99
Josef Stadler, Member		59	20	78
Aviram Wertheim, Member		59	20	78
Total		544	178	722

¹ See section 1 of the compensation report.

² Inclusive of the mandatory employer contributions to the state pension scheme (Old Age and Survivors' insurance, "AHV") that entitle to the maximum AHV pension benefits in the amount of TCHF 29.

The total amount of compensations for the members of the Board of Directors of **TCHF 722** (previous period: TCHF 671) for the period from the Annual General Meeting 2020 to the Annual General Meeting 2021 was thus well **below the approved maximum total amount of TCHF 1 000**.

4.4 The compensations of the members of the Board of Directors for the period from the Annual General Meeting 2021 to the Annual General Meeting 2022

The Annual General Meeting of 31 March 2021 has approved a maximum total amount of compensations of **TCHF 1 000** for the seven elected members of the Board of Directors (including the Chairman) **until the Annual General Meeting 2022** (previous period: TCHF 1 000). Such amount was calculated based on the assumption of a maximum of eight Board Meetings during the term of office.

The compensations for the 2021 business year are listed in section 1 of the compensation report. They amount to TCHF 684 in total (previous year: TCHF 716).

The compensations for the period from the Annual General Meeting 2021 to 31 December 2021 are based on three Board Meetings and seven members of the Board of Directors, i.e. one member less than in the previous period. They total **TCHF 506** (previous period: TCHF 544). On the assumption that only one more ordinary Board Meeting will be held until the Annual General Meeting 2022, such amount will increase by TCHF 177 to **TCHF 683**.

Total compensations of the Board of Directors ^{1, 2}	(in CHF 1 000)	from AGM 2021 to 31 December 2021	from 1 January 2022 to AGM 2022 ³	from AGM 2021 to AGM 2022 ³
Luciano Gabriel, Chairman		120	40	160
Corinne Denzler, Member		59	20	78
Adrian Dudle, Member		59	20	78
Peter Forstmoser, Member		56	19	75
Henrik Saxborn, Member		87	32	119
Josef Stadler, Member		59	20	78
Aviram Wertheim, Member		67	28	95
Total		506	177	683

1 See section 1 of the compensation report.

2 Inclusive of the mandatory employer contributions to the social security insurances in the amount of TCHF 33.

3 Based on the assumption of one Board Meeting from 1 January 2022 until AGM 2022 with all members participating.

Thus, the compensations for the members of the Board of Directors for the current term of office will most likely be **below the approved maximum amount of TCHF 1 000**. The Board of Directors will disclose the definite total amount of compensations in the 2022 compensation report.

5 The compensations of the Executive Board

In the reporting year, the Executive Board consisted of Mr. Giacomo Balzarini, Chief Executive Officer (CEO) / Chief Financial Officer (CFO), Mr. Reto Grunder, Chief Investment Officer (CIO) and Mr. Martin Heggli, Chief Operating Officer (COO).

5.1 Basis and elements of the compensations of the Executive Board

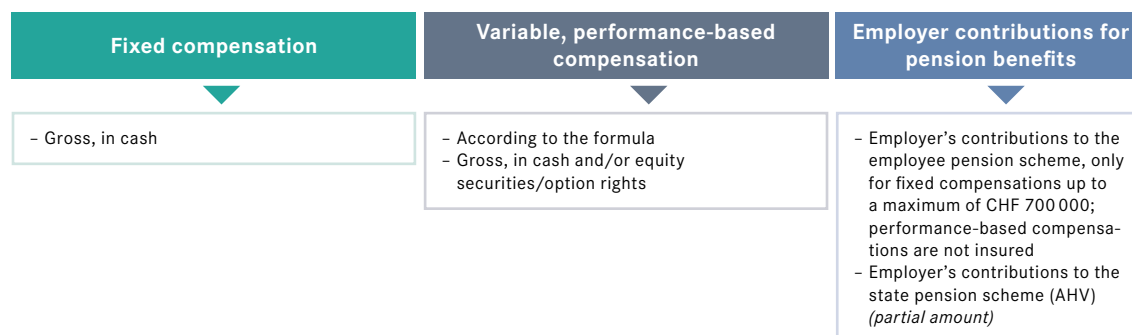
The basis and the elements of the compensations of the members of the Executive Board were effective – without change compared to the previous year – for the **entire 2021 business year**:

- *The Chief Executive Officer (CEO) and the other members of the Executive Board receive a **fixed compensation in cash and a variable, performance-based compensation**.*
- *The **performance-based compensation** is calculated in full by applying a mathematical **formula** as further **described under section 5.2 below**. It may be paid in cash and/or by granting of equity securities or option rights.*
- *The performance-based compensation of the CEO is paid **100% in shares with a contractual blocking period of three years**, while such compensation of the other members of the Executive Board is paid **in cash (one half) and in shares with a blocking period of three years (one half)**. When granting shares, the amount of compensation equals the market value of such shares at the time of allocation. The value will be derived from the stock market price at the day of allocation or an average stock market price of prior trading days.*
- *For the purposes of the **employee pension scheme** (obligatory and over-obligatory components), only the fixed compensation up to CHF 700 000 is insured; the performance-based compensation is not insured¹.*
- *The employer pays the **employer's contributions to the social security insurances (AHV/IV/EO/ALV)**. However, only such partial amount of the employer's contributions to the state pension scheme (Old Age and Survivors' Insurance, "AHV") that entitle to the maximum AHV pension benefits are regarded as compensation element.*
- *The employer reimburses **out-of-pocket business expenses** by lump sum payments according to its business expenses policy as approved by the tax authorities. It also pays the premiums of risk insurances (for accidents and daily allowances during illness) and the employer's contributions to the compulsory family compensation fund. These payments, premiums and contributions respectively are not part of the compensations.*

As from the business year 2018, **share ownership guidelines** apply to the CEO prescribing a **holding of a minimum number of 22 000 shares** of the Company, which number was based on **three times** the amount of the CEO's **annual fixed compensation 2018** and the **average of the end of day share prices of week 50/2017**, i.e. CHF 90.45, and remained unchanged for the **entire 2021 business year**.

¹ As it was the case since the inception of the respective pension scheme, the members of the Executive Board were insured under identical plans with the members of the senior management, which plans insure 15% of the employees (without caretakers; 2020: 15%).

Presentation of the elements of the total compensation of a member of the Executive Board:



5.2 The performance-based compensation

The basis and the formula for the calculation of the variable, performance-based compensation of the members of the Executive Board were effective – without change compared to the previous year – for the **entire 2021 business year**.

With the **performance-based compensation**, a sustainable maximisation of the net earnings per share (EPS) and of the net asset value per share (NAV) shall be targeted and honoured. The amount of the performance-based compensation shall be derived from the overall economic results of the Company, whereas the net earnings per share (EPS) exclusive of gains/losses on real estate investments have priority (see Article 23 (3) of the Articles of Association).

The specific amount of the performance-based compensation is calculated entirely based on a **mathematical formula** as set out below. The formula takes mainly into account the EPS excluding gains/losses on real estate investments (see the definitions on page 87, note 30) of the respective business year, its difference to the previous business year as well as a multiplier. The multiplier is individually set forth for each member of the Executive Board (the “individual factor”). Except for such individual factors, the formula is **identical for each member of the Executive Board**. The formula and the individual factors are contained in their respective **employment contracts**.

$$\text{Performance-based compensation} = K \times (1.60 \times \text{EPS}_{\text{w/o IRE}} + 0.40 \times \text{EPS}_{\text{IRE}} + 2.00 \times \Delta \text{EPS}_{\text{w/o IRE}})$$

Legend:

K = Individual Factor
 EPS_{w/o IRE} = EPS excluding gains/losses on real estate investments
 EPS_{IRE} = Contribution of gains/losses on real estate investments to the EPS
 ΔEPS_{w/o IRE} = Difference in EPS excluding gains/losses on real estate investments compared to the previous year

K for Giacomo Balzarini = 120 000 (2020: 120 000)
 K for Reto Grunder = 60 000 (2020: 60 000)
 K for Martin Heggli = 40 000 (2020: 40 000)
 K for Adrian Murer = n/a (2020: 80 000)

The size of the real estate portfolio itself is consciously not taken into account for the formula, because acquisitions are not a primary goal but a means to increase the EPS. Not only the absolute amount of EPS excl. gains/losses on real estate investments is considered, but also its change. A positive (negative) change in EPS excl. gains/losses on real estate investments compared to the previous year has a positive (negative) impact on the compensation. If the formula results in a negative figure for the performance-based compensation, it will not be deducted from the respective fixed compensation, it will, however, be carried forward to the following years. In this case, payments of variable compensations will only be made when all loss carry-forwards have been compensated ("catch up").

5.3 Individual caps and approval required by the Annual General Meeting

Each employment contract contains an **individual maximum amount** ("cap") of the **maximum total compensation owed** by the employer per calendar year. Such caps were – unchanged compared to the previous year – for the 2021 business year: TCHF 2 200 for Mr. Giacomo Balzarini (2020: TCHF 2 200); TCHF 1 130 for Mr. Reto Grunder (2020: TCHF 1 130) and TCHF 820 for Mr. Martin Heggli (2020: TCHF 820).

The **maximum amount of the performance-based compensation** for each member of the Executive Board can be calculated by deducting from the above mentioned caps (i) the fixed compensation and (ii) the employer contributions for pension benefits relating thereto. For the 2021 business year such calculation results in the following capped amounts for the performance-based compensations: TCHF 1 369 for Mr. Giacomo Balzarini (2020: TCHF 1 359), TCHF 717 for Mr. Reto Grunder (2020: 713) and TCHF 467 for Mr. Martin Heggli (2020: TCHF 464).

In addition, the employment contracts contain **a proviso as to the approval** of the maximum total amount of compensations of the Executive Board by the Annual General Meeting.

5.4 Compensations of the Executive Board 2021

The compensations of the Chief Executive Officer (CEO) and the other members of the Executive Board are determined in the **respective individual employment contracts**, which were entered into with **Mr. Giacomo Balzarini** and **Mr. Martin Heggli** as per taking their new positions as **CEO/CFO** and **COO** respectively, on **1 April 2017**, and with **Mr. Reto Grunder** as per taking office as **CIO** on **1 January 2020**.

The employment contracts, containing namely the discretionary determined fixed and performance-based compensations, including the individual cap, the formula and the individual factor "K", all as described in **section 2** of the compensation report and in sections 5.2 and 5.3 above respectively, were – **unchanged** compared to the previous year – effective for **the entire 2021 business year**.

The compensations of each member of the Executive Board for the **2021 business year** are listed in **section 2** of the compensation report and can be summarized as follows:

Executive Board compensations (in CHF 1 000)	Fixed com- pensations		Other benefits		Employer contributions pension benefits		Perfor- mance-based compensa- tion ¹		Total compensations	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Giacomo Balzarini	652	652	0	0	179	189	1 345	986	2 176	1 827
Reto Grunder	352	352	0	0	61	65	672	493	1 086	910
Martin Heggli	302	302	0	0	51	54	448	329	801	685
Adrian Murer ²	n/a	113	n/a	0	n/a	24	n/a	164	n/a	301
Total	1 306	1 418	0	0	291	331	2 466	1 973	4 063	3 722

¹ The ratios compared to the fixed compensations are for Giacomo Balzarini 206% (2020: 151%), for Reto Grunder 191% (2020: 140%), for Martin Heggli 149% (2020: 109%); for Adrian Murer 2020: 146%.

² On the Executive Board until 31 December 2019 and leaving the Company respectively on 31 March 2020. Included is the compensation owed until 31 March 2020 pursuant to the employment contract, effective as per taking his office as Chief Investment Officer on 1 July 2016, and the termination agreement respectively. It contains – on a pro rated basis – the fixed and performance-based compensations, other benefits and employer contributions for pension benefits until his exit date of 31 March 2020. On a pro rated basis, the cap was TCHF 375 and the maximum amount of the performance-based compensation was TCHF 239.

The total amount of compensations amounted to **TCHF 4 063** (2020: TCHF 3 722). Compared to the previous year, this means an increase of TCHF 641; this mainly due to higher performance-based compensations.

The performance-based compensations increased in comparison with the previous year from TCHF 1 973 to **TCHF 2 466**. This due to the strong business results: Compared to the previous year, the EPS excluding gains/losses on real estate investments was slightly higher (CHF 4.82; 2020: CHF 4.70) and the EPS much higher (CHF 12.97; 2020: CHF 6.37).

The **shares for the 2021 business year** were allocated based on the average of the end of day share prices of week 50/2021, i.e. CHF 109.84 (2020: week 50/2020: CHF 111.06).

5.5 Compensations of the Executive Board for the 2021 business year within the approved total amount

The Annual General Meeting of 9 April 2020 has approved a maximum total amount of compensations for the Executive Board of **TCHF 4 150 for the 2021 business year** (2020: TCHF 4 500). This prospectively approved total amount was sufficient for the actually incurred compensations of the members of the Executive Board of **TCHF 4 063** (see section 5.4 above).

5.6 Shareholdings of the members of the Executive Board

The members of the Executive Board participated in the success of the company in the 2021 business year through their personal shareholdings and they will continue to do so in the future:

Shareholdings of members of the Executive Board	Number of shares	
	31 December 2021	31 December 2020
Giacomo Balzarini, Chief Executive Officer/Chief Financial Officer ¹	56 881	48 000
Reto Grunder, Chief Investment Officer	2 220	0
Martin Heggli, Chief Operating Officer	5 858	4 378
Total	64 959	52 378

¹ The shareholding of Mr. Balzarini was within the applicable CEO share ownership guidelines, see section 5.1 above.

6 Compensation-related activities in respect to the reporting year

The Board of Directors has upon recommendation by the Compensation Committee not seen any reason to change the elements and principles of the compensations of the Board of Directors and the Executive Board in comparison to the 2020 business year.

In the 2021 business year, the basis applicable to the Board of Directors since 18 August 2008 (see section 4.2 above) were not changed.

Also the basis applicable to the Executive Board as described above in section 5.4 remained unchanged compared to the previous year. This against the background that the Board of Directors has the last time in 2019 – with recommendation by the Compensation Committee – approved at its own discretion as per 1 January 2020 both, the employment contract with Mr. Reto Grunder pursuant to the standard then applicable for Executive Board members – and with the elements as further described under sections 2, and 5.2 and 5.3 respectively, above – as well as the amended employment contract with Mr. Martin Heggli (with increases of the fixed compensation from TCHF 272 to TCHF 302 and of the cap from TCHF 800 to TCHF 820).

Proposals to the Annual General Meeting 2022

The Board of Directors will submit the following compensation-related proposals to the Annual General Meeting of Thursday, 31 March 2022. Details will be stated in the invitation to the Annual General Meeting, which will govern in any event.

1 Advisory vote on the compensation report

The Board of Directors has decided to submit the 2021 compensation report to the Annual General Meeting for a resolution by way of non-binding advisory vote.

2 Approval of the maximum total amount of compensations for the Board of Directors until the Annual General Meeting 2023

In accordance with the Articles of Association, the Board of Directors will propose to the Annual General Meeting 2022 to approve the maximum total amount of compensations for the Board of Directors from the Annual General Meeting 2022 **until the Annual General Meeting 2023**.

The **maximum total amount** will be calculated based on the **sum of the fixed compensations – which remained unchanged compared to the previous year** – of all members of the Board of Directors (including the Chairman) proposed for election and the **potential additional amounts** payable to members arriving from abroad and on the assumption of eight board meetings during the term of office. The proposed maximum total amount is **CHF 1 000 000** (previous period: CHF 1 000 000). For details, refer to the invitation to the Annual General Meeting of 31 March 2022.

3 Approval of the maximum total amount of compensations for the Executive Board for the 2023 business year

In accordance with the Articles of Association, the Board of Directors will propose to the Annual General Meeting 2022 to approve the maximum total amount of compensations for the Executive Board **for the 2023 business year**.

The maximum total amount is calculated based on the **sum of the individual caps of the maximum compensations payable** to the current members of the Executive Board **per calendar year** as contained in their employment contracts and amounts to **CHF 4 150 000** (previous period: CHF 4 150 000). For details, refer to the invitation to the Annual General Meeting of 31 March 2022.

The actual compensations for the 2023 business year will be established on the basis of the employment contracts and the 2023 business year results. They will be shown in detail in the 2023 compensation report, which will be submitted to the Annual General Meeting 2024 for approval by way of non-binding advisory vote.



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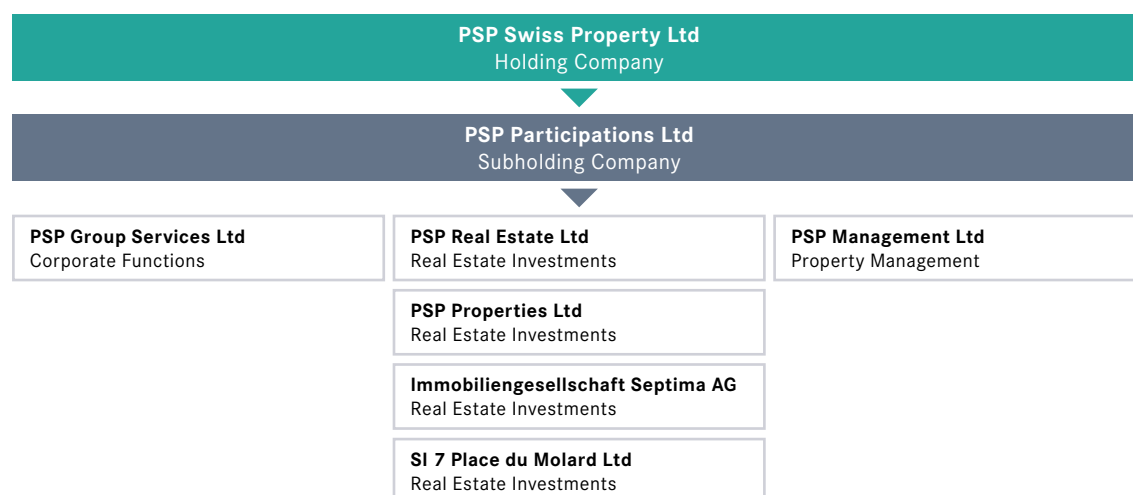
Corporate Governance

This Corporate Governance report shows generally the situation as at 31 December 2021 and follows the Directive of 18 June 2021 of the SIX Exchange Regulation on Information relating to Corporate Governance (“DCG”)¹.

References made in this Corporate Governance report to Articles of Association relate to the Company’s Articles of Association of 3 April 2014².

1 Group structure and shareholders

1.1 Group structure



(English company names only when entered in the Commercial Register.)

Listed holding company

Company	PSP Swiss Property Ltd
Registered office	Zug, Switzerland
Listing	SIX Swiss Exchange, Zurich
Market capitalisation 31 December 2021	CHF 5.215 billion
PSP shares held by subsidiaries	0%
Symbol	PSPN
Security number	1829415
ISIN	CH 0018294154

Non-listed participations

See note 3.5 on page 121 of PSP Swiss Property Ltd’s annual financial statements.

¹ Available at: www.ser-ag.com > Fundamentals> Laws, Rules, Provisions

² The unofficial English translation of the German Original of the Articles of Association is available at: www.psp.info/AoA
Only the German original of the Articles of Association is legally binding.

Business segments

For information about the three business segments of PSP Swiss Property, which did not change compared to the previous business year, namely Real Estate Investments, Property Management and Holding (corporate functions), see note 4 on page 61 ff. of the consolidated financial statements.

1.2 Major shareholders as at 31 December 2021

The information about major shareholders (voting rights > 3%) is based on entries in the share register and statements or disclosure notifications, respectively, made by the shareholder. In the reporting year, there were fifteen disclosure notifications/publications reported on the electronic disclosure platform for the disclosure of shareholdings of the Disclosure Office of SIX Swiss Exchange³.

The following major shareholders are known by the Company:

- (a) **UBS Fund Management (Switzerland) AG**, Basel, Switzerland, to the extent of 5.09% of the voting rights, pursuant to the *latest disclosure notification/publication on 10 August 2021* (31 December 2020: 3.06%).
- (b) **Credit Suisse Funds AG**, Zurich, Switzerland to the extent of 5.2% of the voting rights, pursuant to the *latest disclosure notification/publication on 14 November 2019*. There was no disclosure notification in the reporting year.
- (c) **BlackRock, Inc.**, New York, N.Y., United States of America, to the extent of 5.86% of the voting rights (purchase position) respectively 0.09% (sale position), pursuant to the *latest disclosure notification/publication on 2 September 2017*. There was no disclosure notification in the reporting year.
- (d) **One nominee exempt from reporting requirements** to the extent of 5.27% of the voting rights (Chase Nominees Ltd, London, United Kingdom; 31 December 2020: 5.68%).

PGGM Vermogensbeheer B.V., Zeist, Netherlands, fell below the threshold of 3% of the voting rights pursuant to the *latest disclosure notification/publication on 26 October 2021* (31 December 2020: 3.05%).

Vontobel Fonds Services AG, Zurich, Switzerland, fell below the threshold of 3% of the voting rights pursuant to the *latest disclosure notification/publication on 22 July 2021* (31 December 2020: 3.0063%).

1.3 Cross-shareholdings

As at 31 December 2021, there were no cross-shareholdings.

³ Further details on the disclosure notifications are shown under: www.ser-ag.com > Disclosure of Shareholdings > Overview of significant shareholders

1.4 Shareholders as at 31 December 2021

Distribution of PSP shares

Number of registered shares	Registered shareholders		Registered shares		Non-registered shares		Total number of issued shares
	Number	%	Number	% issued shares	Number	% issued shares	
1 to 1 000	4 767	84.46	1 093 264	2.38			
1 001 to 10 000	599	10.61	1 846 896	4.03			
10 001 to 100 000	221	3.92	6 858 220	14.95			
100 001 to 1 000 000	52	0.92	12 638 161	27.55			
1 000 001 to 1 376 036	3	0.05	3 502 760	7.64			
1 376 037 (3%) to 2 293 394	1	0.02	1 520 106	3.31			
2 293 395 (5%) and above	1	0.02	2 416 537	5.27			
Total registered shareholders/shares	5 644	100.00	29 875 944	65.13			
Total non-registered shares					15 991 947	34.87	
Total							45 867 891

Registered shareholders and shares	Registered shareholders		Registered shares	
	Number	%	Number	%
Individuals	4 906	86.92	2 812 339	9.41
Legal entities	738	13.08	27 063 605	90.59
<i>(thereof nominees/trustees)</i>	<i>(49)</i>	<i>(0.87)</i>	<i>(6 396 491)</i>	<i>(21.41)</i>
Total	5 644	100.00	29 875 944	100.00
Switzerland	5 246	92.95	22 635 889	75.77
Europe (excluding Switzerland)	329	5.83	5 745 321	19.23
North America	38	0.67	1 438 999	4.82
Other countries	31	0.55	55 735	0.19
Total	5 644	100.00	29 875 944	100.00

2 Capital structure

2.1 Share capital as at 31 December 2021

Share capital	Total	Number of registered shares	Nominal value per share
Share capital	CHF 4 586 789.10	45 867 891	CHF 0.10
Conditional share capital	CHF 200 000.00	2 000 000	CHF 0.10

2.2 Conditional share capital in particular

The conditional share capital is governed by Article 6 of the Articles of Association:

“Article 6 Conditional share capital

(1) The share capital can be increased by an amount not exceeding CHF 200 000.– by issuing, to employees of the Company and of its subsidiaries, a maximum of 2 000 000 fully paid-up registered shares with a nominal value of CHF 0.10 per share. The subscription rights and the advance underwriting rights of the shareholders of the Company are excluded. The issue of shares, or of warrants in respect thereof, or of a combination of shares and warrants, to employees takes place pursuant to regulations of the Board of Directors. The issue of shares, or of warrants in respect thereof, to employees can take place at a price below the stock exchange price.

(2) The acquisition of shares within the framework of employee participation as well as all subsequent transfer of shares are subject to the restrictions set out in Article 8 of these Articles of Association.”

The conditional share capital of not more than CHF 200 000 amounts to 4.36% of the existing share capital of CHF 4 586 789.10.

2.3 Changes of capital during the last three financial years

	Number of registered shares	Nominal value per share in CHF	Nominal value in CHF 1 000
Issued, fully paid-in share capital at 31 December 2019	45 867 891	0.10	4 587
Issued, fully paid-in share capital at 31 December 2020	45 867 891	0.10	4 587
Issued, fully paid-in share capital at 31 December 2021	45 867 891	0.10	4 587
Conditional share capital at 31 December 2019	2 000 000	0.10	200
Conditional share capital at 31 December 2020	2 000 000	0.10	200
Conditional share capital at 31 December 2021	2 000 000	0.10	200

2.4 Shares, participation certificates, bonus certificates

The 45 867 891 issued registered shares with CHF 0.10 nominal value each are fully paid in. Each share – with the exception of treasury shares held by the Company – carries the right to dividend payments. Voting rights are described in section 6.1 below. No preferential rights or similar rights are granted.

As at 31 December 2021, no participation certificates or bonus certificates were issued.

2.5 Restrictions on the transferability of registered shares

The registered shares of the Company are issued and administered in the form of book-entry securities. The transfer of registered shares administered in the form of book-entry securities is governed by the Book-Entry Securities Act and the Articles of Association. The Company keeps a share register in which the owners and usufructuaries of the registered shares are entered. Only those with valid entries in the share register are recognised by the Company as shareholders or usufructuaries. Purchasers of registered shares will upon request be entered, without limitation, as shareholders with voting rights in the share register, provided they expressly declare that they have acquired these registered shares in their own name and on their own account. The transfer restrictions pursuant to Article 8 (3) ff. of the Articles of Association remain reserved (see section 2.6 below). As regards the transferability of registered shares and nominee registrations, see further Article 7 (Shares, transfer of shares) and Article 8 (1) and (2) (Share register, nominees) of the Articles of Association⁴.

2.6 Nominee registrations

As regards nominee registrations, see the following Article 8 (3) to (5) of the Articles of Association:

“(3) Persons who do not expressly declare in the entry application that they hold the shares on their own account (hereafter “nominees”) will, without further ado, be entered with voting rights in the share register up to a maximum of 2% of the share capital entered in the Commercial Register. Nominees linked with each other by way of capital, voting power, management or otherwise, or acting in concert in order to circumvent this entry restriction, are regarded as one nominee.

Over and above this limit, registered shares held by nominees will only be entered with voting rights when the nominee concerned reveals the names, addresses, nationalities and shareholdings of those persons on whose account he holds 0.5% or more of the share capital entered in the Commercial Register.

(4) After interviewing registered shareholders or nominees, the Board of Directors is entitled to delete entries from the share register, with retroactive effect from the date of entry, should these have been obtained by misrepresentation. The affected shareholder or nominee must be immediately informed of the deletion.

(5) The Board of Directors settles the details and issues the necessary instructions to ensure compliance with the provisions set out above. The Board of Directors is authorised to conclude agreements with nominees about their duties of notification.”

As at 31 December 2021, one agreement existed with a nominee regarding the requirements for registration respectively disclosure which adopts the terms of Article 8 (3) of the Articles of Association.

2.7 Convertible bonds and options

As at 31 December 2021, neither convertible bonds nor options were outstanding.

⁴ The unofficial English translation of the German Original of the Articles of Association is available at: www.psp.info/AoA

3 Board of Directors

3.1 Members of the Board of Directors

At the Annual General Meeting of 31 March 2021, Mr. Nathan Hetz did not stand for re-election. All other than current members of the Board of Directors were re-elected at the Annual General Meeting as proposed. The Board of Directors thus consists of the following seven members:

Luciano Gabriel, 1953, CH, Wollerau, Dr. rer. pol., Chairman, non-executive member.

Education: Mr. Gabriel completed his studies in economics at the Universities of Bern and Rochester (NY, USA). Thereafter, he was teaching assistant at the University of Bern and obtained the title of Dr. rer. pol. in 1983.

Professional activity: From 1984 to 1998 Mr. Gabriel worked for Union Bank of Switzerland in Zurich, London and Milan, where he held management positions in corporate finance, risk management, international corporate banking and business development. From 1998 to 2002 he was responsible for corporate finance and group treasury at Zurich Financial Services. Mr. Gabriel has worked for PSP Swiss Property since March 2002, initially as Chief Financial Officer and, from April 2007 until April 2017, as Delegate of the Board of Directors and Chief Executive Officer. He is Chairman of the Board of Directors since the Annual General Meeting of 5 April 2017.

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Gabriel did perform, as at 31 December 2021, the following activities or functions which are subject to disclosure in accordance with the DCG: Member of the Board of Directors of the publicly listed COIMA RES S.p.A. SIIQ., Milan, Italy, and member of the Board of Directors of the association Verband Immobilien Schweiz VIS, Bern, Switzerland.

Corinne Denzler, 1966, CH, Rotkreuz, business graduate, non-executive member.

Education: Ms. Denzler is a business graduate from the KV Zurich Business School in Zurich (1984) and a qualified innkeeper from GastroSuisse/GastroGraubünden in Chur (1991). She completed the course for small and middle sized companies at the University of St. Gallen (1996).

Professional activity: Ms. Denzler is since July 2021 General Manager of Synapsis Foundation – Alzheimer Research Switzerland ARS, Zurich. From 1985 to 1993, Ms. Denzler performed various functions in the Swiss hotel industry, from 1993 to 1995 she ran her own restaurant in Gossau and from 1995 to 1998 she managed the Swiss Snowsports School Davos. From 1998 to 2005, Ms. Denzler worked as a member of the Executive Board of Grand Resort Bad Ragaz. Between 2005 and 2008, Ms. Denzler was Director of Spas of the Tschuggen Hotel Group. From 2008 to 2020 she worked as Chief Executive Officer of the Tschuggen Hotel Group, with hotels and spas in Ascona, Arosa and St. Moritz. From March 2020 until February 2021, she was General Manager of Chenot Palace in Weggis and responsible for its opening.

Other activities and vested interests: In addition to her mandate at PSP Swiss Property Ltd, Ms. Denzler did not perform, as at 31 December 2021, any activities or functions which are subject to disclosure in accordance with the DCG.

Adrian Dudle, 1965, CH, Kilchberg (Zurich), lic. iur., Attorney-at-Law, MBL-HSG, non-executive member.

Education: Lic. iur. University Freiburg i. Ue. (1989), bar exam (1992), MBL-HSG (2000).

Professional activity: Mr. Dudle is Group General Counsel of Zühlke Group, Schlieren/Zurich since 2021. As from 2012 until 2020, he was the Chief Legal Officer of Ringier Ltd, Zofingen/Zurich. Prior, Mr. Dudle worked as Group General Counsel & Secretary to the Board for Orascom Development Holding Ltd (2008–2012) and Mövenpick Holding Ltd (2001–2007). Previously he performed various functions inter alia for SAir Group, Universal Music Ltd and KPMG Ltd. Mr. Dudle is also the founder and managing director of DEGAP business • law, a legal consultancy firm based in Kilchberg/Zurich.

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Dudle did perform, as at 31 December 2021, the following activities or functions which are subject to disclosure in accordance with the DCG: Co-Chairman of Smiling Gecko Switzerland, a non-profit association domiciled in Dübendorf, Switzerland.

Peter Forstmoser, 1943, CH, Horgen (Zurich), Dr. iur. University of Zurich, LL.M. Harvard Law School, Professor Emeritus University of Zurich, non-executive member.

Education: Dr. iur. University of Zurich (1970), Attorney-at-Law (1971), LL.M. Harvard Law School (1972).

Professional activity: Private Lecturer from 1971, Extraordinary Professor from 1974 and Ordinary Professor from 1978 to 2008 for civil law, commercial law and capital-market law at the Faculty of Law of the University of Zurich (Head from 1988 to 1990). Member of various federal expert commissions, author of numerous books and articles in his field of expertise. As an Attorney-at-Law, Prof. Forstmoser is since 1975 a Partner at the law firm Niederer Kraft Frey AG in Zurich.

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Forstmoser did perform, as at 31 December 2021, the following activities or functions which are subject to disclosure in accordance with the DCG: Chairman of the Board of Directors of Hesta Ltd, Baar, Switzerland.

Henrik Saxborn, 1964, SE, Gothenburg, MSC at KTH in Real Estate Economy, non-executive member.

Education: Master of Science (MSC) in Real Estate Economy at the KTH Royal Institute of Technology, Stockholm, Sweden (1990), Executive Master in Management and Marketing of IHM Management Institute in Engsholm/Stockholm, Sweden (1996).

Professional activity: Mr. Saxborn was CEO of Castellum AB, Gothenburg, Sweden, from 2013 until October 2021, and previously, Deputy CEO of Castellum AB (as from 2006). Prior to that, Mr. Saxborn worked in various positions in the field of real estate asset management and advisory, including positions as Managing Partner of NIAM AB, Stockholm, Sweden (as from 2000), of Newsec Asset Management AB, Gothenburg, Sweden (1999) and as Head Asset Management of Westpartner AB, Gothenburg, Sweden (as from 1994).

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Saxborn did perform, as at 31 December 2021, the following activities or functions which are subject to disclosure in accordance with the DCG: Chairman of the association Börssällskapet i Göteborg [“Listed Companies Society” in Gothenburg], Gothenburg, Sweden.

Josef Stadler, 1963, CH, Grüningen (Zurich), lic. oec. HSG, MBA Harvard Business School, non-executive member.

Education: Lic. oec. HSG, University of St. Gallen (1987), MBA Harvard Business School (1994).

Professional activity: UBS AG, member of the Global Executive Committee Wealth Management (since 2009); previously, Mr. Stadler was Head of JP Morgan Switzerland (2000 – 2009) and, prior to that, he performed various functions for Morgan Stanley London and UBS AG.

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Stadler did not perform, as at 31 December 2021, any activities or functions which are subject to disclosure in accordance with the DCG.

Aviram Wertheim, 1958, IL, Ramat Hasharon, CPA, non-executive member.

Education: Mr. Wertheim is a CPA (certified public accountant) and holds a degree in business administration.

Professional activity: Mr. Wertheim is Chairman of the Board of Directors (since 1996) of Alony Hetz Properties & Investments Ltd, Ramat-Gan, Israel.

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Wertheim did perform, as at 31 December 2021, the following activities or functions which are subject to disclosure in accordance with the DCG: Chairman of the Board of Directors of the publicly listed Alony Hetz Properties & Investments Ltd, Ramat-Gan, Israel, as well as member of the Board of Directors of the publicly listed Amot Investments Ltd, Ramat-Gan, Israel, and of the publicly listed Energix – Renewable Energies Ltd, Ramat-Gan, Israel, both controlled by Alony Hetz Properties & Investments Ltd, as well as member of the Board of Directors of Carr Properties Corporation, Washington D.C., USA, an associated company of Alony Hetz Properties & Investments Ltd.

General representations

No member of the Board of Directors belonged to the Executive Board of PSP Swiss Property Ltd or a subsidiary in the three years preceding the 2021 business year. Furthermore, there were no substantial business relationships between the members of the Board of Directors and PSP Swiss Property Ltd or a subsidiary.

3.2 Rules in the Articles of Association on the number of permitted activities of the members of the Board of Directors pursuant to Article 12 para. 1 section 1 of the Swiss federal ordinance against excessive pay in stock exchange listed companies of 20 November 2013 (VegÜV)

Article 25 (5) of the Articles of Association provides the following rules in respect to the permitted activities of the members of the Board of Directors:

“(5) The members of the Board of Directors may not hold more than 12 additional mandates, of which no more than 6 may be in publicly listed companies.

The members of the Executive Board may not hold more than 4 additional mandates, of which no more than 1 may be in publicly listed companies.

Mandates are defined as mandates in the supreme governing or administrative bodies of legal entities that are required to be registered in the commercial register or in a comparable foreign register. Mandates in several legal entities which are under common control are counted as one mandate.

These restrictions do not include:

- Mandates with legal entities controlled by the Company or controlling the Company.*
- Mandates with associations, foundations and non-profit organisations; no member of the Board of Directors or the Executive Board may hold more than 6 of such mandates.”*

General representation

No member of the Board of Directors has exceeded the statutorily allowed number of additional mandates.

3.3 Elections and terms of office

3.3.1 Composition of the Board of Directors and first election of its members by the Annual General Meeting

	for the first time elected
Luciano Gabriel	Annual General Meeting 4 April 2007
Corinne Denzler	Annual General Meeting 31 March 2016
Adrian Dudle	Annual General Meeting 3 April 2014
Peter Forstmoser	Annual General Meeting 30 March 2010
Henrik Saxborn	Annual General Meeting 9 April 2020
Josef Stadler	Annual General Meeting 2 April 2009
Aviram Wertheim	Annual General Meeting 2 April 2009

As at 31 December 2021, there were no term limits.

3.3.2 Chairman of the Board of Directors and its first election by the Annual General Meeting

	for the first time elected
Luciano Gabriel	Annual General Meeting 5 April 2017

3.3.3 Composition of the Compensation Committee and first election of its members by the Annual General Meeting

	for the first time elected
Peter Forstmoser	Annual General Meeting 3 April 2014
Adrian Dudle	Annual General Meeting 31 March 2016
Josef Stadler	Annual General Meeting 3 April 2014

3.3.4 Additional information

The Articles of Association do not contain any rules that differ from the statutory legal provisions with regard to the appointment of the chairman of the board of directors and the independent shareholder representative.

In the event of vacancies, pursuant to the Articles of Association, the Board of Directors appoints missing members of the Compensation Committee for the remaining term of office only, if the number of remaining members appointed by the General Meeting falls below the statutory minimum of two members (Article 22 (3) of the Articles of Association⁴); the Articles of Association thus take no advantage of Article 7 para. 4 VegÜV, which allows to complete the Compensation Committee immediately upon occurrence of any vacancy.

3.4 Internal organisational structure

3.4.1 Allocation of tasks within the Board of Directors

The Board of Directors exercises the powers conferred to it under Article 17 of the Articles of Association⁴ as a body. The Board of Directors has delegated the management and the representation of the Company to the Chief Executive Officer, respectively the Executive Board, based on the provisions of Article 18 of the Articles of Association⁴ governing the delegation of duties and as permitted by law (see section 3.5 below). Tasks among Board Members are not specifically allocated.

The individual members of the Board of Directors have the following special competencies: Mr. Luciano Gabriel, as Chairman, contributes his real estate expertise and financing know-how as well as his management expertise. Mr. Henrik Saxborn adds his real estate expertise. Messrs. Josef Stadler and Aviram Wertheim support the Board of Directors in strategic respectively investor and real estate issues, Mr. Forstmoser in legal, strategic and corporate governance issues, Mr. Adrian Dudle in communication matters and with his background on special real estate and Ms. Corinne Denzler with her experience in special real estate objects and projects.

3.4.2 Committees of the Board of Directors

In view of its current size, the Board of Directors sees no necessity to delegate tasks to Board Committees unless provided for by law or the Articles of Association. The Board of Directors ensures that it has sufficient time to deal with all major business issues at the meetings of the entire Board.

The Board of Directors has an **Audit Committee**, a **Compensation Committee** and a **Nomination Committee**, which basically have only advisory and preparatory tasks.

⁴ The unofficial English translation of the German Original of the Articles of Association is available at: www.psp.info/AoA

The **Audit Committee** consists of the following three members of the Board of Directors. Mr. Peter Forstmoser is its Chairman.

	Member since the General Meeting of
Peter Forstmoser	30 March 2010
Adrian Dudle	3 April 2014
Josef Stadler	2 April 2009

The Audit Committee submits recommendations to the Board of Directors above all with regard to the approvals of the annual, interim and quarterly financial statements as well as in respect to the evaluation of the effectiveness of the audit, the performance, fees and independence of the Statutory Auditors as well as the relationship with them. All members have appropriate expertise in accounting and finance, be it as former Chief Executive Officer (CEO) or because of actual or former education and/or professional activity as legal experts.

The **Compensation Committee** (see section 3.3.3 above) was elected at the Annual General Meeting 2021. It appointed Mr. Forstmoser as Chairman. The duties of the Compensation Committee are set forth in Articles 22 (4) ff. of the Articles of Association as follows:

“(4) The Compensation Committee shall prepare the resolutions of the Board of Directors on compensations of the members of the Board of Directors and the Executive Board. It shall in particular submit proposals to the Board of Directors for:

- the determination of the compensation principles, namely in respect to the performance-based compensations and the grant of equity securities or option rights, as well as the respective implementation control;*
- the individual compensations for the members of the Board of Directors and the Executive Board as well as the respective employment contracts;*
- the proposal to the General Meeting for the approval of the maximal total amounts of compensations for the Board of Directors and the Executive Board in the sense of Article 24 of these Articles of Association;*
- the compensation report.*

(5) For the fulfilment of its duties, the Compensation Committee may consult other persons and external advisors and invite them to its meetings with advisory vote.

(6) The Board of Directors may assign further preparatory tasks to the Compensation Committee.”

The **Nomination Committee** consists of the following three members of the Board of Directors. Mr. Josef Stadler is its Chairman.

	Member since the existence of the Nomination Committee
Josef Stadler	26 February 2018
Corinne Denzler	26 February 2018
Adrian Dudle	26 February 2018

The Nomination Committee has preparatory tasks and supports the Board of Directors in respect to its relevant decisions concerning the nomination of members of the Board of Directors, of its Committees and of the Executive Board and it submits respective proposals. They include in particular an evaluation as to the composition of the Board of Directors, its independence and the availability of its members. The overall responsibility remains with the Board of Directors. It may assign further preparatory tasks to the Nomination Committee.

3.4.3 Work method of the Board of Directors and its Committees

In principle, four ordinary meetings of the Board of Directors are held annually. Between such meetings, extraordinary meetings may be called as required and resolutions may be passed by written consent. The Secretary is responsible for keeping minutes of the Board meetings and for recording any resolutions passed by written consent in the subsequent minutes.

The Chairman of the Board of Directors is in constant contact with the Chief Executive Officer (CEO). The CEO informs the Chairman – and as the case may be directly the other members of the Board of Directors – between Board meetings, not only regarding extraordinary business events, but also about other events of importance or high-visibility.

Discussions of the Compensation Committee take place as required, namely in preparation of the proposals to the Annual General Meeting concerning the compensation report and the maximum total amounts of compensations for the Board of Directors and the Executive Board. Discussions of the Audit Committee take place mainly in preparing the annual, interim and quarterly reports and the resolution for the proposal to the Annual General Meeting regarding the (re-)election of the Statutory Auditors. The Nomination Committee meets as often as required, above all in preparation of the proposals to the Annual General Meeting regarding (re-)elections to the Board of Directors.

In the reporting year, four ordinary Board of Directors meetings took place, lasting one hour and three quarters on average. The Audit Committee met four times, one hour on average; the Compensation Committee and the Nomination Committee met once for a quarter of an hour. Due to the COVID-19 crisis and, respectively, the prescribed or necessary protective measures and (travel) restrictions, meetings could also be attended by video- and/or telephone-conferences. The attendance rate of the Board of Directors and of its Committees respectively was 100%.

In the reporting year, the Board of Directors has upon recommendation by the Nomination Committee proposed to the Annual General Meeting 2021 the re-election of all current members of the Board of Directors standing for re-election, of the current Chairman of the Board of Directors and of all current members of the Compensation Committee standing for re-election. In respect to the compensation-related activities of the Board of Directors and the Compensation Committee, refer to section 6, Compensation-related activities in respect to the reporting year, of the compensation report on page 142.

With regard to the participation of members of the Executive Board and of the Statutory Auditors at the meetings of the Board of Directors and its Committees, see section 3.6, respectively section 8.4 below. In the reporting year, all members of the Executive Board participated in the meetings of the Board of Directors. The representatives of the Statutory Auditors participated at all four meetings of the Board of Directors and at all four meetings of the Audit Committee.

3.5 Definition of the areas of responsibility of the Board of Directors and the Executive Board

The Board of Directors has delegated the management and the representation of the Company to the Chief Executive Officer, respectively the Executive Board, based on the provisions of Article 18 of the Articles of Association⁴ governing the delegation of duties and as permitted by law. The Board of Directors determines the levels of authority applying to any decisions to be made by the Chief Executive Officer in consultation with the Chairman, respectively the Chief Executive Officer on his own or in consultation with the members of the Executive Board.

⁴ The unofficial English translation of the German Original of the Articles of Association is available at: www.psp.info/AoA

The duties of the Chief Executive Officer respectively the members of the Executive Board are laid down in Articles 5.2 and 5.3.1 to 5.3.4 respectively 6.3 of the Organisational Guidelines and Regulations (“OGR”) as follows (versions of 28 March 2007/16 August 2010/16 August 2012/6 March 2017):

Article 5 The Chief Executive Officer (CEO)

“(5.2) The CEO is Chairman of the Executive Board and – unless these OGR or further regulations, guidelines or directives issued by the Board of Directors stipulate otherwise – responsible for the Company’s and the Group’s management. The CEO decides in all matters of the management of the Company and the Group which are not reserved to (i) the Board of Directors, (ii) the CEO in consultation with the Chairman or (iii) the CEO in consultation with the members of the Executive Board, based on these OGR or further regulations, guidelines or directives issued by the Board of Directors.

In particular, the CEO has the following duties:

- Leading, controlling and coordinating the members of the Executive Board reporting to him as well as the other members of management (“Direktoren”) and staff reporting directly to him;*
- Preparation and implementation of the resolutions of the Board of Directors, in particular with regard to Group strategy;*
- Preparation of the allocation and the deployment of the resources (funds and personnel) necessary to achieve the Company’s and the Group’s goals, including staff training and development courses as well as human resources development;*
- Representation of the Company’s and the Group’s overall interests vis-à-vis third parties in so far as these are not taken care of by the Board of Directors.*

(5.3.1) The CEO informs the Board of Directors at its meetings of the ongoing activities and the important business incidents as well as of the activities of the members of the Executive Board. Between meetings he informs the Chairman immediately of extraordinary and serious business incidents.

(5.3.2) In exceptional, urgent cases which would be in the Board of Directors’ competence but for which the Board of Directors’ approval cannot be obtained in time, the CEO makes his decision and reports to the Board of Directors immediately.

(5.3.3) The CEO makes sure that an effective auditing concept for the Company and the Group is in place.

(5.3.4) The CEO decides on the infrastructure necessary for his support.”

Article 6 Members of the Executive Board

“(6.3) In particular, the individual members of the Executive Board have the following duties:

- Implementation of the overall strategy and development of their business segment, complying with the Group’s targets and focus;*
- Achieving their business segments’ stated strategic and operative goals;*
- Regular reporting to the CEO, usually at least once a month. The members of the Executive Board also report directly to the Board of Directors at its meetings if asked to do so by the Chairman.”*

3.6 Information and control instruments vis-à-vis the Executive Board

As a rule, the members of the Executive Board attend all ordinary meetings held by the Board of Directors and the Audit Committee for the purpose of ensuring direct communication between the Board of Directors and the Executive Board and an appropriate level of control. In the reporting year, all acting members of the Executive Board participated at the meetings of the Board of Directors and of the Audit Committee.

The Board of Directors is informed regularly and within the framework of the quarterly, interim and annual reporting requirements on key financial figures and any financial and operational risks to which PSP Swiss Property may be exposed (pages 56 to 60 of the consolidated financial statements contain information on risk management and the risk report, which is issued twice a year).

Based on a comprehensive risk evaluation and a corresponding strategy, the Board of Directors implemented, in the 2008 business year, an internal control system (ICS) regarding the financial reporting. At least once a year the Board of Directors re-evaluates the risks and is informed by the Executive Board regarding the functioning and the effectiveness of the ICS.

At the moment, there are no internal auditors. However, the Board of Directors and its Audit Committee liaise directly with the Statutory Auditors and are entitled to assign special auditing duties to them, if required (see section 8.4 below). In the reporting year, no special auditing duties were assigned.

4 Executive Board

4.1 Members of the Executive Board

The Executive Board remains unchanged and consists of the three current members:

	Member since
Giacomo Balzarini, Chief Executive Officer/Chief Financial Officer	1 April 2007
Reto Grunder, Chief Investment Officer	1 January 2020
Martin Heggli, Chief Operating Officer	1 April 2017

Giacomo Balzarini, 1968, CH and IT, Wollerau, lic. oec. publ., MBA, Chief Executive Officer/Chief Financial Officer of PSP Swiss Property (in this position as of 1 April 2017; prior since 1 April 2007 Chief Financial Officer) and Chairman of the Board of Directors of all PSP Swiss Property Ltd subsidiaries.

Education: Mr. Balzarini completed his studies in economics at the University of Zurich in 1996. In 2002 he obtained an MBA from the University of Chicago (Ill., USA).

Professional activity: From mid-1993 to 1996 Mr. Balzarini worked for Union Bank of Switzerland in Zurich in the areas of corporate account management and business development. From 1997 until 2006 he worked at Swiss Reinsurance Company in risk and project management, strategic development and asset management; his last position at Swiss Reinsurance Company was Managing Director, responsible for building up the company's indirect international real estate portfolio. Mr. Balzarini has worked for PSP Swiss Property since 1 December 2006.

Other activities and vested interests: In addition to his mandates at the subsidiaries of PSP Swiss Property Ltd, Mr. Balzarini did perform, as at 31 December 2021, the following activities or functions which are subject to disclosure in accordance with the DCG: Member of the Board of Trustees of Ernst Göhner Foundation, Zug, Switzerland, and Chairman of the Board of Directors of Seewarte Holding Ltd, Zug, Switzerland – which is entirely controlled by Ernst Göhner Foundation – and of its subsidiaries Seewarte Ltd, Zurich, Switzerland, Seewarte Agrar Ltd, Zug, Switzerland and Seewarte Romandie Ltd, Lausanne, Switzerland.

Reto Grunder, 1974, CH, Adliswil, lic.iur., Attorney-at-Law, MLP-HSG, CAS in Construction and Real Estate Law, Chief Investment Officer (since 1 January 2020) and member of the Board of Directors of all PSP Swiss Property Ltd subsidiaries.

Education: Mr. Grunder studied law at the University of Bern and graduated in 2001 with a licentiate. In 2004, he was admitted to the Bar of the Canton of Bern.

Professional activity: From 2004 to 2007, Mr. Grunder worked as a lawyer in law firms in Biel and Thun. In 2008, he joined PSP Swiss Property as Legal Counsel. He then worked from 2016 as an Asset Manager and has been Head of Acquisition & Sales in 2019.

Other activities and vested interests: In addition to his mandates at the subsidiaries of PSP Swiss Property Ltd, Mr. Grunder did not perform, as at 31 December 2021, any activities or functions which are subject to disclosure in accordance with the DCG.

Martin Heggli, 1977, CH, Mettmenstetten, Swiss Certified Expert for Accounting and Controlling, MAS Accounting & Finance, Chief Operating Officer (as of 1 April 2017) and member of the Board of Directors of all PSP Swiss Property Ltd subsidiaries.

Education: Mr. Heggli obtained his degree as a Swiss Certified Expert for Accounting and Controlling in 2005. In 2009, he graduated from the University of Applied Sciences Zurich, obtaining a Master in Advanced Studies (MAS) in Accounting & Finance.

Professional activity: From 1999 until 2005, Mr. Heggli was responsible for accounting at the real estate trust department of BDO Visura. He started working for PSP Swiss Property in September 2005, initially responsible for merging and organising the accounting department following the merger with REG Real Estate Group and, since 2010, responsible for accounting and financial reporting.

Other activities and vested interests: In addition to his mandates at the subsidiaries of PSP Swiss Property Ltd, Mr. Heggli did not perform, as at 31 December 2021, any activities or functions which are subject to disclosure in accordance with the DCG.

4.2 Rules in the Articles of Association on the number of permitted activities of the members of the Executive Board pursuant to Article 12 para. 1 section 1 VegüV

See Article 25 (5) of the Articles of Association for the rules in respect to the number of permitted activities of the members of the Executive Board (see section 3.2 above).

General representation

No member of the Executive Board has exceeded the statutorily allowed number of additional mandates.

4.3 Management contracts

As at 31 December 2021, there were no management contracts with companies outside the PSP Swiss Property Group.

5 Compensations, shareholdings and loans

5.1 Content and determination of the compensations

As to content and determination of the compensations of the Board of Directors and the Executive Board, see page 130 ff. in the compensation report together with the explanations on the compensation system on pages 134 to 142.

With regard to the shareholdings and loans of members of the Board of Directors and of the Executive Board, see also the financial statements, note 4.2 page 123.

5.2 Rules on compensations in the Articles of Association

5.2.1 Principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options, as well as to the additional amount for payments to members of the Executive Board appointed after the vote on pay at the General Meeting of shareholders

a) Members of the Executive Board receive a variable, performance-related compensation. In this respect, Article 23 (3) of the Articles of Association provides as follows:

“(3) The members of the Executive Board receive a fixed compensation in cash and a variable, performance-based compensation. With the performance-based compensation, a sustainable maximisation of the net earnings per share (EPS) and of the net asset value per share (NAV) shall be targeted and honoured. The amount of the performance-based compensation shall be derived from the overall economic results of the Company, whereas the net earnings per share (EPS) exclusive of gains/losses on real estate investments have priority. The performance-based compensation can be paid in cash and/or by granting of equity securities or option rights.”

With regard to the variable, performance-based compensation, see the compensation report page 131.

b) In respect to the allocation principles of equity securities, convertible rights and options, Article 23 (4) of the Articles of Association provides as follows:

“(4) When granting equity securities or option rights, the amount of compensation equals the value of the securities or rights respectively at the time of allocation. The value will be derived from the stock market price at the day of allocation or an average stock market price of prior trading days. Apart from that, the Board of Directors specifies the terms and conditions of granting and exercising such securities and rights, inclusive of blocked periods and forfeiture clauses, if any.”

With regard to the allocation of shares to the members of the Executive Board as part of the variable, performance-based compensation, see the compensation report page 131.

c) In respect to the additional amount for payments to members of the Executive Board appointed after the vote on pay at the General Meeting, Article 24 (2) of the Articles of Association provides as follows:

“(2) To the extent that the maximum total amount approved prospectively for the Executive Board is not sufficient to compensate new members appointed after the respective approval by the General Meeting up to the beginning of the next approval period, the Company may pay an additional amount not exceeding 50% of the total amount of compensation approved for the respective approval period. The General Meeting does not vote on the additional amount used.”

No additional amount was required in the 2021 business year.

5.2.2 Loans, credit facilities and post-employment benefits

a) In respect to loans and credits, Article 25 (4) of the Articles of Association provides as follows:

“(4) Loans and credits, if any, to members of the Board of Directors and the Executive Board shall not exceed 100% of the yearly fixed compensation of the respective person. Advances of legal and similar cost to defend against any liability claims do not constitute loans or credits.”

In the 2021 business year, no loans and credits were granted (see the compensation report page 132).

b) In respect to post-employment benefits, Article 25 (2) of the Articles of Association provides as follows:

“(2) The members of the Executive Board are insured under employee benefit schemes and receive the benefits in accordance with the respective plans and regulations, inclusive of over-obligatory benefits. The members of the Board of Directors may join such employee benefit schemes, to the extent this is allowed under the respective regulations. The Company pays the employer’s contributions to the employee benefit schemes as prescribed by the regulations. In connection with retirements before reaching the orderly pension age, the Company may make bridge payments to the benefit scheme beneficiaries or additional payments to the employee benefit schemes up to a maximum amount of half of the annual fixed compensation which the beneficiary has received in the year before his early retirement.”

With regard to the post-employment benefits in the 2021 business year, see the compensation report page 131.

5.2.3 The vote on pay at the General Meeting of shareholders

The General Meeting votes on the compensations of the members of the Board of Directors and of the Executive Board in accordance with Article 24 (1) and (3) of the Articles of Association as follows:

“(1) The General Meeting annually approves – based on the proposal of the Board of Directors – separately and with binding effect, the maximum total amounts of compensations for the Board of Directors for the period until the next annual General Meeting and for the Executive Board for the business year following the annual General Meeting (the “approval period”). Within these maximum total amounts, compensations may be paid by the Company itself and/or by one or several other group companies.

[...]

“(3) If the General Meeting rejects the approval of a proposed maximum total amount of compensation, the Board of Directors has to call a new General Meeting within six months.”

6 Shareholders' participation rights

In the reporting year, pursuant to the Swiss Federal Council's Ordinance 3 on Measures to Combat the Coronavirus of 19 June 2020 (as of 1 March 2021), the Annual General Meeting of 31 March 2021 was held at the registered office of the Company without the presence of shareholders. They could exercise their voting rights through the independent shareholder representative.

6.1 Voting-rights restrictions and representation pursuant to the Articles of Association

According to Article 14 of the Articles of Association⁴, each share confers on the owner or usufructuary thereof entered in the share register as shareholder with voting rights the right to cast one vote.

There are no statutory voting-rights restrictions.

The right to attend General Meetings and to be represented by proxy are governed by Article 12 of the Articles of Association⁴.

Voting-rights representation by the independent shareholder representative is governed by Article 13 of the Articles of Association⁴ and Article 8 ff. VegüV.

6.2 Rules on the issue of instructions to the independent shareholder representative and on the electronic participation in the General Meeting

Pursuant to Article 13 (4) of the Articles of Association⁴, the Company ensures that the shareholders may submit their proxies and instructions to the independent shareholder representative also by electronic means. The Board of Directors determines the requirements for proxies and instructions. No electronic real-time participation in the General Meeting is foreseen.

⁴ The unofficial English translation of the German Original of the Articles of Association is available at: www.psp.info/AoA

6.3 Quorums stipulated by the Articles of Association

No quorums exceeding those prescribed by law are required under the Articles of Association in order to pass resolutions at General Meetings. According to Article 16 (1) of the Articles of Association⁴, the General Meeting passes its resolutions and carries out its elections with an absolute majority of the share votes represented, if not otherwise required by law.

6.4 Calling the General Meeting, shareholders' right to request the inclusion of an agenda item

Calling the General Meeting, the procedure for calling a General Meeting, the right to call General Meetings and the right to request the inclusion of an agenda item are governed by Articles 10 and 11 of the Articles of Association⁴.

The right to request the inclusion of an agenda item is governed by Article 11 (2) of the Articles of Association as follows:

“(2) Up to 45 days before the date of a General Meeting, shareholders with voting rights, together representing shares with a nominal value of at least CHF 10 000.–, may submit items for inclusion on the agenda. This demand must be made in writing stating the respective proposals.”

In respect to the next Annual General Meeting of 31 March 2022, the 45th day before the date of the General Meeting is 14 February 2022.

Proposals at the General Meeting regarding items on the agenda do not need to be announced in advance (see Article 11 (3) of the Articles of Association⁴).

6.5 Record date for entries in the share register

According to Article 12 (1) of the Articles of Association⁴, the Board of Directors is responsible for setting the record date by which entries in the share register must be made for the purpose of attending General Meetings. Shareholders are informed of this record date, at the latest, in the notice convening the General Meeting.

In respect to the next Annual General Meeting of 31 March 2022, such record date is Friday, 25 March 2022.

For further information regarding the entry of shareholders and usufructuaries of PSP shares in the share register, we refer to Article 8 of the Articles of Association⁴.

7 Changes of control and defence measures

7.1 Duty to present a bid

The Articles of Association do not provide for any “opting out” or “opting up” arrangements within the meaning of Articles 125 respectively 135 FMIA (Financial Market Infrastructure Act, in force since 1 January 2016).

7.2 Change of control clauses

There are no changes of control clauses.

⁴ The unofficial English translation of the German Original of the Articles of Association is available at: www.psp.info/AoA

8 Statutory Auditors

8.1 Duration of the mandate and term of office of the head auditor

Ernst & Young AG, Zurich, was elected for the first time as new Statutory Auditors by the Annual General Meeting of 5 April 2017 for the 2017 business year. Ernst & Young AG was re-elected as Statutory Auditors for the 2021 business year at the Annual General Meeting of 31 March 2021.

The Lead Engagement Partner responsible for the existing auditing mandate in the 2021 business year took up office with the election of the Statutory Auditors at the Annual General Meeting on 5 April 2017. The maximum term of office is determined by Article 730a para. 2 CO and lasts seven years. It will expire by the end of the 2023 business year.

8.2 Auditors' fees

The costs for auditing the financial statements of the subsidiaries and the consolidated financial statements 2021 as well as for reviewing the interim financial statements as per 30 June 2021 and the quarterly financial statements as per 31 March and 30 September 2021 amounted to CHF 0.532 million (previous year: CHF 0.562 million).

8.3 Additional fees

For the reporting period, additional fees of CHF 0.08 million were charged by Ernst & Young AG for advice in the segments sustainability reporting as well as review of the EPRA performance key figures (previous year: CHF 0.08 million for the same services).

8.4 Supervisory and control instruments vis-à-vis the Statutory Auditors

The Board of Directors and the Audit Committee liaise directly with the Statutory Auditors regarding the audit and review work to be carried out for the annual respectively interim and quarterly reports. On request, representatives of the Statutory Auditors attend meetings of the Board of Directors respectively the Audit Committee in which such matters are discussed.

At the ordinary February meeting the representatives of the Statutory Auditors usually submit their auditors' reports for the examined business year. At the ordinary November meeting they usually submit their review plan for the business year which is about to end. At further meetings the Statutory Auditors report on their review work for the quarterly respectively interim reports. The Chairman of the Audit Committee meets with the Lead Engagement Partner at least once before the ordinary February meeting.

In the reporting year, the representatives of the Statutory Auditors attended four meetings of the Board of Directors and of the Audit Committee. The Lead Engagement Partner met moreover with the Chairman of the Audit Committee in respect to the audit and review work to be carried out for the annual report 2021.

As mentioned under section 3.6 above, the Board of Directors and the Audit Committee may entrust the Statutory Auditors with special reviews, if required. In the reporting year, no such special reviews were requested.

Each year, when deciding on its proposal to the Annual General Meeting regarding the election of the Statutory Auditors, the Board of Directors and the Audit Committee evaluate the auditors' performance, fees and independence.

9 Information policy

PSP Swiss Property Ltd keeps its shareholders and the capital market supplied with full and up-to-date information as well as optimum transparency.

Financial reporting consists of quarterly, interim and annual reports. These are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and comply with Swiss law and the standards laid down by the SIX Exchange Regulation's Listing Rules.

10 General trading blackout-periods

General trading blackout-periods apply to the Board of Directors, the Executive Board and selected permanent Insiders lasting from the **30st calendar day to and including the date of the release of the respective annual and interim (1st quarter, 1st half-year, 3rd quarter) results**. There are no general exemption provisions.

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Agenda

31 March 2022 Annual General Meeting 2022

3 May 2022 Publication Q1 2022

19 August 2022 Publication H1 2022

8 November 2022 Publication Q1 – Q3 2022

Preview

21 February 2023 Publication FY 2022

5 April 2023 Annual General Meeting 2023

www.psp.info

Additional information and all publications including, in particular, the **2021 annual report** and the **Articles of Association** of the Company, are available under www.psp.info, namely under www.psp.info/en/investors/downloads/financial-reports respectively under www.psp.info/AoA; the information service (E-mail distribution) under www.psp.info/en/investors/investor-relations/information-service; the ad hoc notices under www.psp.info/en/media/news/latest-announcements. **The publications may also be requested at the above Investor Relations address.**



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Sustainability report

We have been reporting on our sustainability efforts in our annual report for more than ten years. Our main concerns include saving resources and reducing CO₂ emissions. External benchmarks such as CDP or GRESB show us that we are on the right track.

The sustainability report outlines our activities in the reporting year as well as the priorities for the coming year; it describes the prioritisation and organisation around sustainability topics and provides the corresponding key figures. We have been publishing our performance measures according to the EPRA Sustainability Best Practices Recommendations (sBPR) since 2015.

Our transparency and good performance in the area of sustainability have also been confirmed by external ratings and awards. For instance, we once again received a Score of A- ("Implementing current best practices") in the CDP Climate Change 2021 Survey, along with "Green Star" status under the Global Real Estate Sustainability Benchmark (GRESB), whilst EPRA presented us with the sBPR Gold Award for the sixth time in a row for our disclosures in the area of sustainability.

The reporting year 2021 was dominated by the Coronavirus crisis. This also affected our planned efforts on the sustainability front, which had to be constantly adapted in line with changing circumstances. As a result, comparisons with performance data from previous years are distorted in many respects – to a greater extent even than in reporting year 2020. This is in particular the case for properties where we, our employees as well as our tenants and business partners have been constrained by restrictions due to the Coronavirus, such as restaurant closures or home office working requirements. The comments and comparisons provided below must be considered against this backdrop.



EPRA sBPR Gold-Award



CDP-Score: A-



GRESB Green Star

Important activities in the reporting year and focuses for 2022

Portfolio

The **CO₂ reduction path** to 2050 set at the end of 2020 and the CO₂ reduction target for 2035 were put on a firm footing inside the organisation within various communications and by being incorporated into tools. This strategy is depicted in our internal **Sustainability Guidelines for New Buildings and Renovations**, which were overhauled and implemented during the reporting year. This included the placing of greater emphasis on aspects such as reuse and recycling. The aim for 2022 is to raise employees' awareness of the **circular economy** even further. There will also be a focus on "embedded" CO₂ emissions for new construction and renovation work, which are currently not incorporated into the CO₂ reduction path ("Scope 3").

Major efforts were made during the reporting year in order to exploit the potential for **connecting to district heating and creating inner-city energy networks that use lake water**. The challenges in this area will be considered in greater detail in the Focus Issue "District heating and lake water energy networks" on page 183. In Zurich we have successfully concluded an agreement with the supplier concerning the connection of the entire Hürlimann site to a lake water network by 2026. We intend to continue with these efforts also throughout 2022.

Due to the various effects of the pandemic, the portfolio's specific CO₂ emissions in 2021 increased compared to the previous year by 2.9%. More detailed explanations on energy consumption and CO₂ emissions can be found on pages 181–182.

During the reporting year three new **photovoltaic installations** with projected annual production of 235 000 kWh were installed and placed into service in Zurich. Almost 100% of the renewable electricity generated can be used for common area electricity, thereby benefiting our tenants. The pipeline is being continuously examined and adjusted.

A pilot project in the area of **environmental design focusing specifically on the improvement of biodiversity** has been planned for our office at Seestrasse 353 in Zurich. It is set to be implemented in 2022. It is envisaged that the results of this project will be used as a template for additional environmental design work within the portfolio. Our goal in 2022 is to put the potential for maximum greening of suitable spaces on a more systematic footing. The long-term goal is to contribute to improving biodiversity and **countering undesired heat islands** at inner-city locations.

Tenants

As a result of the continuation of the pandemic into 2021, financial issues were more of an issue for many tenants than ecological issues, such as for instance the adaptation of rental spaces, compliance with hygiene requirements and personal issues. Nevertheless, the assessment in our tenant questionnaire conducted at the end of 2020 shows that the issue of sustainability is also extremely important for tenants. We have set our priorities in terms of our next steps accordingly. For instance, we plan to issue a booklet in 2022, which will aim to support our tenants in better incorporating **sustainability aspects into tenant fit-out** work.

As a result of measures adopted in relation to the pandemic, like-for-like energy consumption in 2021 increased by 7.9% compared to the previous year. The interplay between the various influences is discussed in the Focus Issue "Optimised operations during the pandemic?" on page 196. Especially following this period marked by the massive under-occupancy of offices and "pandemic operations", it will be essential to move back towards optimised standard operation. As a result, optimising our operations needs to be established more systematically as an ongoing task, amongst other things by providing increased training in this area. The aim is to strike a good balance between energy efficiency goals and satisfying tenants' demands for comfort and hygiene.

A **green lease addendum** was signed with a major tenant in 2021 as a pilot agreement. This is set to be followed by further addenda with this same tenant as well as with other major tenants in 2022. The aim is to promote building-specific, systematic and constant dialogue with tenants concerning the issue of sustainability, and thus to ensure sustainable building operations.

Employees

The **action taken in relation to health issues** was heavily affected by pandemic-related requirements. Also during this reporting year, we have done a lot to support employees, to maintain a positive spirit and to make working from home as comfortable for them as possible. Thanks to initiatives such as Bike to Work and the opportunity to draw up a personalised fitness programme, a focus was also placed on enhancing the physical health of employees. Efforts will be stepped up in 2022 in the area of operational health management, for example with a greater focus on ergonomics and increasing mental health.

In the autumn of 2021 an employee survey was conducted for the second time according to the Great Place to Work® methodology, the results of which were once again very pleasing. We are delighted about having been re-certified as a “Great Place to Work”. We shall analyse the results in 2022 more specifically with reference to any need for improvement and take any appropriate action.

A number of improvements were made during the reporting year in the field of **IT infrastructure and digitalisation**. Thanks to the new structure and the joint Sharepoint platform (“PSP Connect”), information is better pooled between the various departments. Above all Construction and Property Management have been able to liaise more closely. This has also enabled **information relating to sustainability** and project organisation in this area to be better incorporated into and managed within this structure. We shall pursue further work on this integration in 2022.

Some individual measures in the area of **office ecology** were implemented in Zurich during the reporting year, focusing on recycling and energy efficiency. However, a number of measures were scaled back due to the requirement to work from home, which applied for 5 months. Processes at the new business location in Basel were optimised from the outset. Further work on implementing proposed improvements will be carried out in 2022.

Finances and disclosure

Ensuring transparency and the provision of appropriate information to investors and other stakeholders is important for us. However, over the last few years pressure for more stringent rules has increased, in particular in the area of sustainability, in order to avoid greenwashing and to ensure that investors receive standardised, objective information. During 2022 we intend to streamline our existing sustainability guidelines and initiatives with the rules in place in Switzerland as well as throughout the EU, in addition to those set to be introduced over the next few years. We shall analyse where future obligations lie and where any gaps may be apparent – either from a management perspective or simply from a disclosure perspective. This will then provide a basis for the adoption of appropriate initiatives.



Sustainability in our business strategy

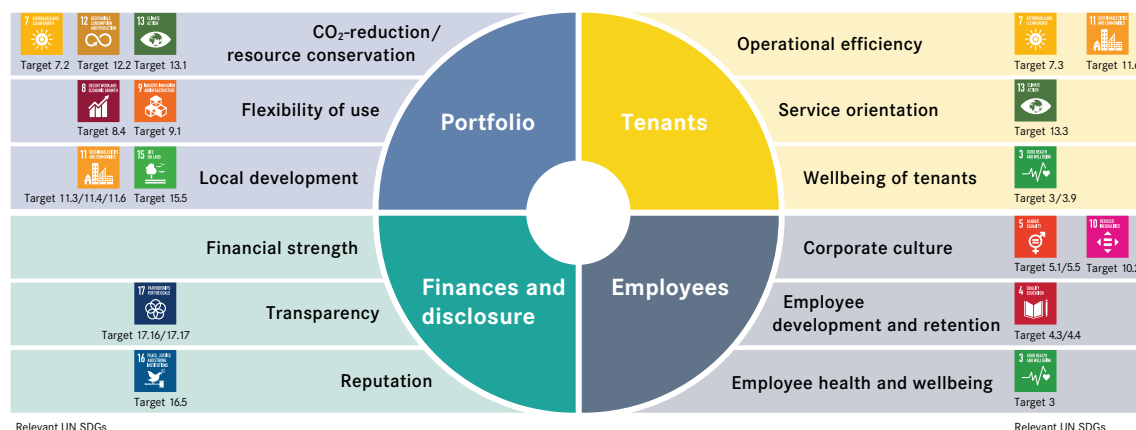
Our core business is the rental of commercial properties in Switzerland. This business model with a long-term focus requires that we assume our responsibility towards people and the environment. Sustainability is therefore an integral part of our business strategy.

Commercial properties can only be sustainable if they are rented out and provide good rental income in the long term. This also presupposes that the tenants are satisfied and that the rental properties meet changing requirements in terms of property and location quality, price and service. Sustainability is therefore an integral part of our business strategy and is based on our values. Our employees, tenants, business partners, investors as well as the public are crucial stakeholder groups for us. Through openness, transparency and regular dialogue, we strive to receive, reflect on and where appropriate implement their concerns for the success of our Company. More about our values and our dialogue with different stakeholders.

www.psp.info/values

In 2019 we carried out a materiality analysis, assessing whether the demands of our stakeholders and the effects of our work on the environment and society are reflected appropriately in our business approach. We also considered in which areas we can and must be able to make a meaningful contribution to achieving the UN Sustainable Development Goals (UN SDGs). The analysis resulted in the identification of 12 thematic areas, which we have been able to match up with the most important requirements. We have allocated the 12 thematic areas to the four levels of our business activity. The materiality analysis was revised in 2021, but this has in no way changed the material issues. These still form the basis for defining and setting priorities for our sustainability initiatives. Further information concerning our materiality analysis can be found on our website.

www.psp.info/sustainability



Sustainability initiatives are steered by an eight-member panel composed of representatives from property management, construction, asset management, human resources and communications. The coordination of activities is carried out by the communication and sustainability office. Sustainability initiatives and prioritisation are discussed with and defined by the Executive Board. Implementation is in the hands of the most involved department for each initiative. Selected individuals assume this responsibility as part of their job description or as project managers for a specific sustainability initiative. A graphic representation of the sustainability organisation can be found on our website.

www.psp.info/sustainability

The following table provides an overview of the long-term goals and priorities as well as the focus areas for the reporting year and the 2022 financial year.

Further information concerning our targets and measures may be found below in the parts concerning portfolio, tenants, employees, and finances and disclosure.

Material issues	Long term strategy	KPI
Portfolio		
CO ₂ reduction/resource conservation	- Reduction of CO₂ emissions by 50% until 2035 100% of landlord-obtained electricity from renewable sources until 2025 - Increasing own photovoltaic capacity	- kg CO₂/m² - kWh/m² - kWp installed PV capacity % certified properties
Flexibility of use	- Strengthening circular economy - Enhancing the property environment	EPRA environmental performance measures page 214
Local development		
Tenants		
Operational efficiency	- High tenant satisfaction - Increased involvement of tenants in sustainability efforts	- Yearly LfL improvement of energy and water use (kWh/y and m³/y, respectively) - Tenant survey trend (internal KPI) % Tenant revenue with green lease
Service orientation		EPRA environmental performance measures page 214 and social performance measures page 217
Wellbeing of tenants		
Employees		
Corporate culture	- Sustained high level of employee satisfaction - Ensuring employability - Maintaining a diverse workforce	- KPI on diversity - KPI on development, training and turnover - KPI on health & safety - Results from employee survey
Employee development and retention		EPRA social performance measures page 216
Employee health and wellbeing		

Priorities 2021: Status of target achievement	%	Priorities 2022
Adaptation of Sustainability Guidelines for new construction and modernisation: implemented	100%	Awareness raising/training in the area of circular economy
District heating and cooling networks and photovoltaic systems: solution for connection to Hürlimann site; 3 new solar installations	75%	Calculation of "embodied carbon" of new buildings: determine fundamentals
Biodiversity: planning of pilot project completed for Seestrasse 353 in Zurich	100%	District heating and cooling networks and photovoltaic systems: continuation of strategy
		Implementation of pilot project Seestrasse 353; systematic assessment of potential areas for greening/ improvement of biodiversity
Conclusion of green lease addendum with large tenant	100%	Extension of green lease agreements to further large tenants
Follow-up tenant survey on sustainability: defined measures	100%	Tenant booklet on consideration of sustainability aspects in tenant fit-out
		Operational optimisation as a permanent task: anchoring a systematic approach
Strengthening of health competence: physical health measures, raising awareness about the importance of nutrition	100%	Continuation of occupational health management with a focus on measures in the area of ergonomics and strengthening mental health
Promotion of internal communication: integration of sustainability within PSP Connect is still ongoing	75%	Evaluation of Great Place to Work survey 2021 and development of measures
Sustainability in our own office: partially implemented (employees working from home)	50%	Completion of measures on sustainability in our own office

Portfolio

We focus on easily accessible, centrally located properties that create both economic and social value and have a low environmental impact. Since the launch of our sustainability programme in 2010, we have been able to reduce the specific greenhouse gas emissions of our properties by 50%.

Preserving resources and minimising CO₂ emissions over the entire life cycle of a building, flexibility of use and the contribution of the building to local development are the three aspects that significantly shape the sustainability of our buildings. A major focus during the reporting year was to incorporate the CO₂ target set in 2020 and the CO₂ reduction path accordingly into our tools and guidelines and to raise employee awareness. Further information concerning the CO₂ goal and the CO₂ reduction path can be found on our website. www.psp.info/co2-target

Reduction in CO₂ emissions and conservation of resources

Our clear long-term focus on CO₂ reduction has had a significant impact on both our new construction and renovation projects, as well as our efforts in operations. The further award of a score of A- in the Climate Change 2021 Survey carried out by the CDP (Climate Disclosure Project) confirms that we are playing a leading role in this area. Since the launch of our sustainability programme in 2010, we have been able to reduce our properties' specific emissions from **21.1 to 10.5 kg CO₂e per square metre**. This amounts to a reduction of 50%.

Climate change and climate risks

We want to keep the negative effects of our business operations on the environment and people as low as possible. Conversely, we are also examining the extent to which climate conditions and climate risks may adversely affect our buildings, either at present or in future. The exposure of our portfolio to natural hazards such as flooding, landslides or avalanches is very limited. We consider the greatest risk in terms of the physical effects of climate change to be rising temperatures in summer.

Adjustment to hotter summers has therefore been incorporated into the Guidelines for New Buildings and Renovations. It is important to strike the right balance between passive heat gain and protection against heat and to assess efficient cooling methods. In the new replacement building "Grosspeter Clime" in Basel, for example, innovative electrochromic windows are used to reduce the required cooling energy. These windows are designed to reflect infrared radiation and thus reduce heating, whilst at the same time letting through visible light where desired. This results not only in a reduced need for cooling energy and lower maintenance costs (replacement of blinds), but also increases tenants' wellbeing. Further information concerning our strategy and the action taken by us in relation to the physical risks associated with climate change to which our portfolio

is exposed may also be found in our responses to the Carbon Disclosure Project's (CDP) climate change questionnaire. These are publicly available. www.cdp.net

Careful usage of resources throughout the lifecycle

We want to keep resource usage and environmental pollution caused by the construction, modernisation and operation of our buildings as low as possible and minimise negative effects on the general public this may have. We endeavour to use carefully both land and building materials as resources. We therefore factor sustainability considerations into all phases of business operations:

Acquisition of buildings

We examine potential purchase properties with regard to their environmental impact or possible exposure to physical risks, and also assess their ecological characteristics. Access to public transport, materialisation and energy efficiency are essential criteria. This does not mean that we only consider ecologically high-quality and energy-efficient properties. Most older buildings do not meet today's ecological standards. However, if our assessment comes to the conclusion that a building can be renovated at reasonable cost, such a property also offers an opportunity to contribute to improving sustainability and generate added value in the long term.

New buildings and renovations

Our development areas are previously developed former brewery sites. New acquisitions within the portfolio are generally speaking centrally-located commercial properties in major economic centres. In this way we ensure that we do not contribute to urban sprawl or impair biodiversity.

In new construction and renovation projects, we try to balance the possibilities for optimising energy efficiency, flexibility of use, optimal access to public transport, and the impact on the neighbourhood-specific social environment.

New buildings: sustainability and energy efficiency are key criteria for new buildings. As a general rule, we aim to comply with the Minergie standard and often exceed it. Since we generally own and manage the newly constructed buildings ourselves, we optimise them for operation and invest in good long-term energy management systems. Considerations on adapting to the effects of climate change, so-called physical risks, are also reflected in our specifications for new buildings. However, new buildings only represent a small part of our business.

Modernisations: considerations on energy efficiency and reduction in CO₂ emissions are important factors that also shape our long-term investment plan. We carry out renovations in accordance with regional regulations as well as the Minergie standard. We employ four full-time specialists in the field of HVAC (heating, ventilation, air conditioning) in order to implement the optimisation process in terms of operation and construction. Our employees strive to continuously acquire new know-how in energy and sustainability issues. Examples of successful renovations may be found on our website.

Tenancy changeovers: we are seeking to reduce resource consumption between tenancies. By increasingly incorporating a certain basic infrastructure and using generally appealing, flexible usage concepts, we aim to avoid rental properties having to be thoroughly refurbished following each change of tenant. Further information concerning this aspect may be found in the section "Flexibility of use" on page 184.

During the reporting year we overhauled our guidelines applicable to new construction, tenant fit-out work and modernisation. They are based on the Swiss Sustainable Building Standard (SNBS) and SIA 112/1 and set out principles along with a checklist containing questions and aspects to be considered during the various project phases. These relate for instance to the prioritisation of various sustainability goals, criteria such as grey energy or reusability in the choice of materials, energy efficiency or indoor climate.

Priority 2022 Our CO₂ reduction path relates to Scope 1 and Scope 2 operational emissions. Scope 3 data, such as for example CO₂ emissions arising during the production of the building materials that are used in construction, as well as during the construction process itself, are not taken into account. However, these also contribute to climate change and are not insignificant. During 2022 we plan to create a framework for better assessing the ratio of “embedded” CO₂ emissions to operational CO₂ emissions.

Certified buildings: a total of 8.2% of our rental space is certified according to a label for sustainable construction (Minergie and LEED). However, the percentage of certifications is not the only way to measure the sustainability of a property portfolio. When we construct new buildings or carry out major renovations, we aim for the level of a sustainable building label, but not necessarily for the certification itself. The Minergie standards have been incorporated into many cantonal energy laws. Therefore, such certification is of secondary importance to PSP Swiss Property. The key issue is not the number of certified buildings, but rather the effect of the measures across the overall portfolio.

In addition, it is not always possible to implement all desired measures for achieving improved energy efficiency for buildings that are subject to historic preservation. In some cases, the costs of administrative requirements necessary for the “last mile” of certification are not reasonable. The money saved is better invested in actual consumption-reducing measures in order to avoid the so-called “performance gap” arising in relation to new and renovated buildings.

[Environmental performance measures page 214: certified buildings](#)

Operation of properties

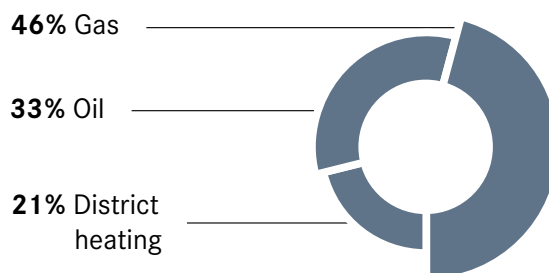
Automated measurement: we place particular value on well-maintained buildings. By optimising operations over the long term, we aim to keep energy consumption low whilst maintaining a high level of equipment efficiency. An important prerequisite for this is suitable measurement. For this reason, we are constantly expanding our smart metering and monitoring functions. Further information on our consumption-reducing measures can

be found in the section “Operational efficiency” on page 192.

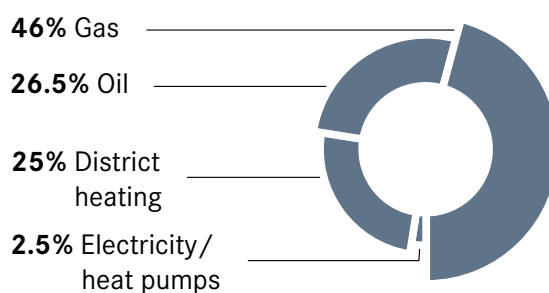
Acquisition of thermal energy and electricity from renewable sources: With our clear focus on reducing CO₂, we are continuously optimising our contracts with energy suppliers (electricity, gas, district heating) in terms of the proportion of renewable energies. We precisely monitor the development of existing (and the planning of new) district heating and cooling networks in the catchment area of our properties in order to coordinate our long-term plans for replacing heating and cooling systems with these developments. Further information on the challenges in this area can be found in our Focus Issue “District heating and lake water energy networks” on page 183.

Development of energy sources for heating

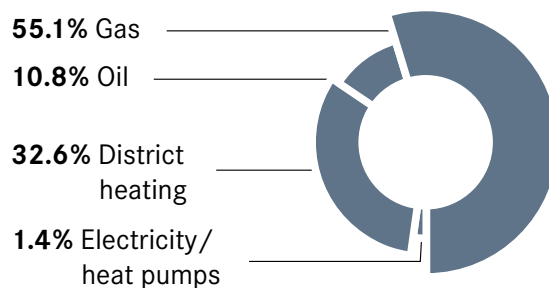
2010



2015



2021



Own production of solar electricity: We also produce energy from renewable sources such as solar electricity in order to make our own contribution to expanding capacity and also to give our tenants the opportunity to benefit from clean electricity at favourable costs. Where possible, we apply the model of a property producing and consuming its own energy. Under this model, the solar power produced is sold directly to the tenants or consumed in situ in the building's technical systems (heat pumps, cooling systems, etc.). Such models make sense if the majority of the electricity produced can be used within the property, so that only a small part of it has to be fed in to the grid. Implementation is carried out in accordance with the refurbishment cycle and economic considerations.

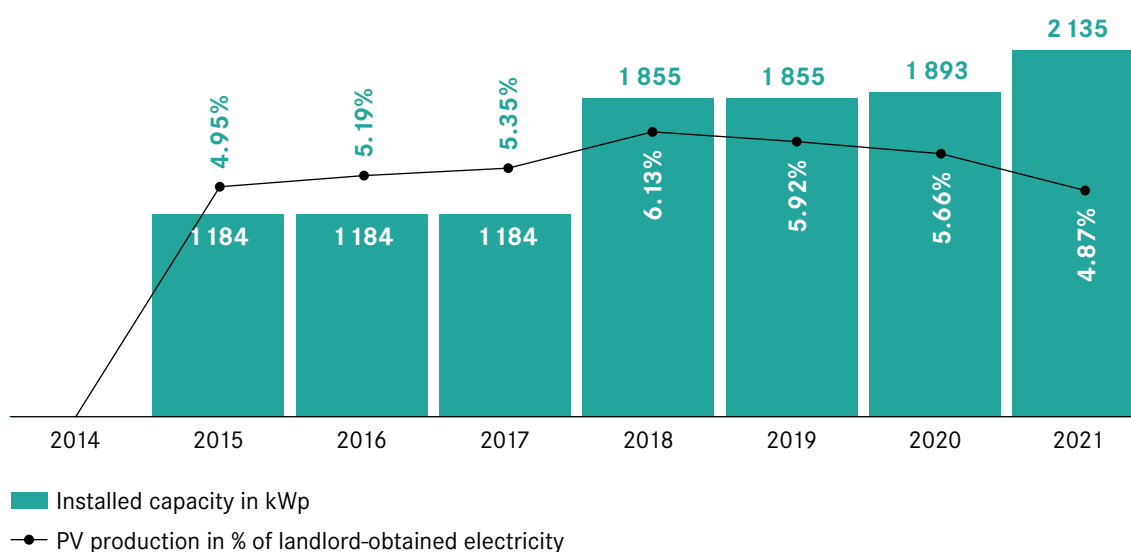
In the event of demolition it is important to ensure reuse or at least recycling as far as possible. Reprocessing is only possible if construction materials can be segregated properly during demolition. However, considerations concerning the circular economy should already be incorporated into the planning stage. This is the case for example for the reduction of built-in grey energy, the utilisation of reusable or recyclable materials, avoiding composite materials that are difficult to separate or using easily-detachable fastenings.

Priority 2022 In the 2022 business year, we want to raise our employees' awareness about the topic of circular economy with various events and training courses.

End-of-life of a property and recycling of building materials

Large quantities of building waste are generated during the demolition and replacement of a property. A large part of it is still disposed of and thus destroyed as a resource. The idea of the circular economy is to keep products and materials in circulation in order to avoid waste. As a result, the consumption of primary raw materials is reduced.

Installed PV capacity and PV production in % of landlord-obtained electricity



Key measures to reduce the CO₂ emissions of our portfolio

Area	Measures/targets
Reduce CO₂ intensity of energy consumption	
Replace fossil heating by heating with a lower CO ₂ footprint: dependent (in part) on lifecycle	- No fossil fuel heating systems in new buildings. - When renewing heating/cooling systems, switch to heat pumps or district heating/cooling with a high renewable element wherever possible.
Sourcing of electricity	- By 2025, sourcing 100% of electricity from renewable energy sources.
Improve energy efficiency	
Energy renovation (insulation, replacing windows): dependent on lifecycle	- Optimisation of energy efficiency, in a general orientation towards the Minergie standard.
Measures not dependent on lifecycle (e.g. lighting)	- Replacement of lighting systems with LED systems, awareness-raising among tenants.
Optimisation of operations	- Optimisation of operations as a permanent task.
Own production of renewable energy	
Increasing own photovoltaic capacity	- Increase own photovoltaic production within the ambit of the existing potential analysed.

Initiatives carried out during the reporting year

We discuss below a few of the major initiatives concluded during the reporting year that have had effects on CO₂ emissions. The quantities are estimates of the expected savings. These savings have not yet been fully factored into the figures for this reporting year.

- **Complete renovations:** Following several years of building work, it was possible to complete the renovation of the properties at **Bahnhofplatz 1, Bahnhofquai 7, 9, 11, 15 and Waisenhausstrasse 2/4** in Zurich, which are subject to heritage protection (see also the pictures on pages 188–191). The renovation will entail significant thermal improvements, although the re-purposing of the cinema and office area at Waisenhausstrasse 2/4 has resulted in more intensive usage. We shall provide more specific information concerning the improvement of efficiency with reference to actual consumption figures. In Geneva, the renovation of the property at **Rue du Mont-Blanc 12** was largely completed by the end of the year. By removing the canopy, the façade has been returned to its historic appearance and has undergone elaborate restoration, focusing in particular on stone encasements. Thanks to improvements in the building envelope (replacement of windows, insulation) and the installation of new equipment (reversible

heat pump, supplemented by a small gas heating system for very cold periods), it has been possible to increase the GEAK (cantonal building energy certificate) classification from F to C (Qh value). Energy consumption has thus been significantly reduced and CO₂ emissions will fall from 21 kg/m² to below 4 kg/m² per year, enabling an annual saving of 28 tonnes of CO₂.

- **Building envelope and building technology:** The flat roof at **Laupenstrasse 10 in Bern** has been replaced and better insulated, the façade at **Gartenstrasse 32 in Zurich** has been renovated and at **Zeughausgasse 26/28 in Bern** the windows and roof have been replaced. Scope for energy improvements on the properties at Bärenplatz will be more limited due to the stringent heritage preservation requirements. We are carrying out energy efficiency measures of this type throughout the building cycle.
- **Heating systems:** Also the oil heating system at **Haslerstrasse 30 / Effingerstrasse 47** in Bern was set to be replaced within the ambit of various renovation works. Since the autumn of 2021 the property has been heated via heat exchanger by exploiting waste heat from the cooling process of Swisscom server rooms, which are rented in the building. Thanks to this synergy, CO₂ emissions in future are set to be reduced by almost 90 tonnes.

- **Supply with district heating and cooling:** major efforts are currently underway in the cities of Geneva and Zurich to create inner-city energy networks using lake water. The challenges in this area will be considered in greater detail in the Focus Issue “District heating and lake water energy networks” on page 183. During the reporting year negotiations with the supplier concerning the connection of the Hürlimann site to a lake water network were successfully concluded. The replacement of the existing gas heating system by lake water heating and cooling will achieve a massive annual CO₂ saving of more than 500 tonnes of CO₂. However, this will only become relevant from 2026 onwards.
- **Construction of photovoltaic installations:** During the reporting year three new systems were completed in Zurich (Hardturmstrasse 131–135, Förrlibuckstrasse 60/62 and Gartenstrasse 32) with a total capacity of 242 kWp. In future these will provide 235 000 kWh of renewable electricity, almost all of which will be used in the corresponding properties, and which our tenants will also be able to benefit from.

Impact of the measures on consumption and CO₂ emissions at portfolio level

Due to numerous interdependencies as well as internal and external influences, it is difficult to precisely calculate the effects of our renovation projects and operational optimisations on consumption and CO₂ emissions. Consumption figures for 2021 and the previous year should be treated with particular caution due to the pandemic. Data relating to energy and water are recorded after a lag

of half a year, based on the statements of account for heating and ancillary costs. The current reporting period for these figures runs from 1 July 2020 until 30 June 2021.

Analysis of absolute consumption and emissions

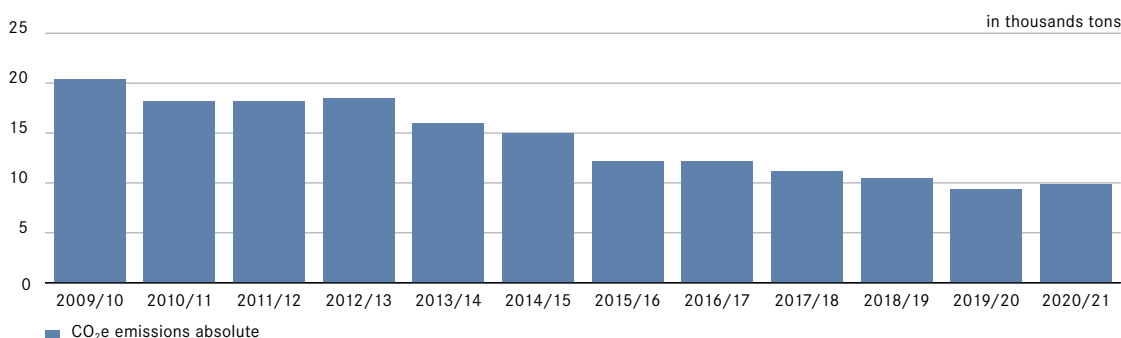
In absolute terms, our total energy consumption in the investment portfolio has increased in 2021, from 82.4 million kWh to 93.5 million kWh in 2021, which corresponds to a rise of 13.5%. CO₂e emissions went up by 5.6%, that is by 524.3 tonnes. These absolute values give an idea of the environmental footprint of our portfolio. However, their suitability for analysing the effects of taken measures is limited, considering that the investment portfolio changes from year to year due to purchases, sales and reclassifications (see delimitations and explanations on pages 219–221).

Analysis of specific consumption and emissions

The specific values (the consumption and emissions per square metre of rental space) provide the best indication of effective improvements in the portfolio. Our specific energy consumption increased by **10.6%** from **90.2 kWh/m² to 99.8 kWh/m²** in 2021. **Adjusted for heating degree days**, the increase was somewhat lower, namely 9.2%. As a result of the measures taken during the pandemic, the figures are difficult to interpret. This is discussed in more detail in our Focus Issue “Optimised operations during the pandemic?” on page 196.

An increase in vacancy usually reduces energy and water consumption, both in absolute terms and per square metre of rental space. In the reporting year¹, vacancies increased slightly from 3.4%

CO₂e emissions absolute



¹ The reporting year i.e. measurement period for the environmental key figures is 01.07.2020–30.06.2021. The vacancy rate on 31.12.2021 stood at 3.8%

to 3.9%. This corresponds to a reduction of the heated floor area of approximately 0.5%. However, given the irregularities in use due to the pandemic-related restrictions, this effect seems negligible.

Specific CO₂e emissions have risen from 10.21 kg CO₂e/m² to 10.5 kg CO₂e/m² due to the higher energy consumption. However, thanks to a slightly lower CO₂ intensity of the fuels (more biogas, slightly higher renewable share in district heating, conversion from oil or gas to district heating), at **2.9%** the increase was lower than the increase in specific energy consumption.

Analysis of the “like-for-like” data

The “like-for-like” portfolio includes only those properties that were under our operational control and classified as investment properties, both in the reporting year and in the previous year. The changes therefore relate to exactly the same number of properties. This allows conclusions to be drawn about the improvement in operational efficiency and the effects of measures taken during operation. However, the impact of major renovations is not apparent here, as properties under renovation are not included in the like-for-like portfolio.

In the like-for-like portfolio, heat consumption increased by 11.2% compared to the previous year. Electricity consumption decreased slightly by 0.2%. The resulting 7.9% increase in total energy consumption from 80 126 MWh to 86 465 MWh led to **5.4% higher CO₂e emissions compared to the previous year. This corresponds to 491.5 tonnes of CO₂e.** The cold winter weather had an impact on energy consumption. Adjusted for heating degree days, energy consumption in

the like-for-like portfolio was slightly lower, namely 81 137 MWh (heating degree day-adjusted consumption of the previous year: 76 403 MWh). The corresponding increase of 6.2% is therefore somewhat lower than without adjustment. Nevertheless, the increase is considerable. This is not pleasing, but in our estimation it is of a temporary nature. Explanations can be found in the Focus Issue “Optimised operations during the pandemic?” on page 196.

Share of renewable energy and own production of solar power

The share of energy purchased from renewable sources was 47.7% in the reporting year. The increase is due to a higher share of biogas and a slightly higher share of renewable energy sources in electricity and district heating. We already cover **99% of the electricity demand for our entire portfolio with renewable energy.** For district heating and cooling, the share is 48.4% and for fuels, 15.9% are renewable (biogas).

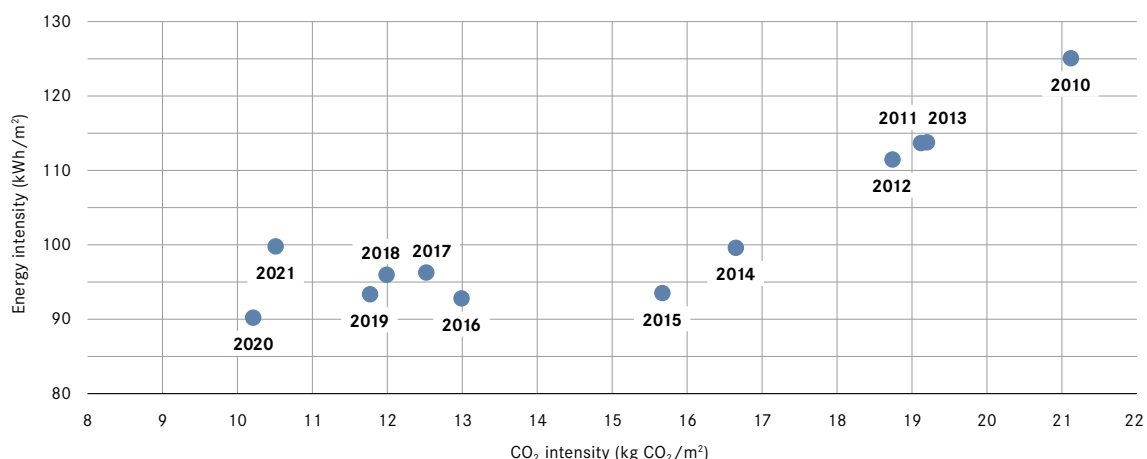
In 2021, we produced around **1 320 MWh of environmentally friendly solar electricity with our own photovoltaic systems.** This corresponds to 4.9% of common electricity consumption (see graph on page 179).

[Environmental performance measures page 214: Electricity, District heating and cooling, Fuels \(oil/gas\), Proportion of total landlord-obtained energy from renewable sources](#)

[Environmental performance measures page 214: Greenhouse gas emissions Scope 1, 2 and 3](#)

[Environmental performance measures page 214: Energy intensity, Greenhouse gas intensity](#)

CO₂ intensity vs. energy intensity



Focus Issue: District heating and lake water energy networks

Priority 2022 A core element of our CO₂ reduction path is the replacement of oil and gas heating systems with heating (and cooling) with a lower CO₂ footprint, such as heat pumps or district heating. This will also be a priority in 2022.

Inner-city energy networks that use lake water are becoming increasingly important. The constant temperature of deep water in the lake is used for heating and cooling purposes. Depending upon the particular network, heat pumps are incorporated into systems either centrally or locally in order to achieve the desired temperature level.

The most significant challenge in this respect is timing. From our side, we determine a renovation cycle for our properties and installations. The planning and expansion of the energy networks does not always overlap with this cycle. As a result, we attempt to find joint transition solutions and finalise them at an early stage. The example of the Hürlimann site illustrates the importance of this long-term planning: the need to replace the site's gas-powered heating system had already been apparent for a number of years. Various options for the site's future energy supply were examined over the last two and a half years within a variant study. The option of independent energy supply would have been possible through a complex interplay of various energy sources such as deep water and groundwater, as well as more efficient exploitation of the site's waste heat. However, since the energy consumption of the Hürlimann spa is consistently high throughout the year, establishing a connection with a lake water network was an attractive option. Towards the end of 2021, a solution for the supply of heating and cooling was identified jointly with the energy supplier. By connecting the 12 properties in total (three of which are in condominium ownership) it will be possible to reduce the site's CO₂ emissions in future by at least 500 tonnes. Implementation of the project is set to last until the end of 2026. This long-term planning will ensure that implementation can be incorporated into the regular renovation process.

In Geneva too, we have a major interest in connecting our properties to the GeniLac environmental heating and cooling network. However, for many properties synchronising the timing of the energy network's implementation plans represents a major challenge for us. Although we are obliged to comply with increasingly stringent energy regulations, no binding specifications can be provided in relation to the timeline for the expansion of the energy network. One potential consequence of this may be that we are only able to complete the connection of certain properties to GeniLac after the next generation of heat generators has been removed. Nonetheless, action will be taken to ensure that connection will be possible at that time without any considerable extra cost. Mindful of this fact, we shall step up engagement with local energy suppliers with the aim of increasing planning certainty.

Long-term and forward-looking planning by all stakeholders is also important in the area of district heating in inner-city zones. The different planning cycles and interests of the stakeholders often stand in the way of ecologically and economically sensible solutions and result in various projects for conversion to more ecological heating being delayed.

Example

- Owner A would like to connect his property to the district heating network starting next year.
- The costs of the connection over 120 m amount to CHF 240 000.
- Owners B, C and D in the same city block have no interest in participating (B: new gas heating system just installed, C: financial bottleneck, D: no answer).

Economic viability of the investment is called into question for A if other owners in the block do not participate.

Flexibility of use

We want to offer our tenants high-quality properties that will also meet their requirements in the long term. With the increasing degree of digitalisation, new forms of cooperation and decentralised, mobile work patterns are emerging in the office world. Following the outbreak of the Coronavirus crisis, many people started to work from home for particular periods of time or indefinitely. It remains to be seen whether this will actually lead to a fall in the demand for office space.

In the light of these developments, the product and quality of spaces offered will become even more important: sufficient space and flexibility, security, calm, daylight, energy efficiency as well as further sustainability considerations will increasingly become priorities for our tenants. The UN Sustainable Development Goals which have been stipulated as being relevant for us in this context present us with some challenges: on the one hand, we need to save resources and make buildings as resilient as possible – also in terms of climate change. On the other hand, buildings will have to be adaptable in line with the changing demands of users. Even if a building is of high ecological quality, it is not sustainable if nobody wants to work in it any longer because needs have changed. The challenge is therefore to build economically and ecologically sustainable buildings, which can at the same time be repurposed without any major expenditure of resources. We achieve greater flexibility through the following measures and thus also consume resources more responsibly.

Basic infrastructure and flexibility

Even today, larger companies in particular want to rent premises for the longer term and fit them out according to their very specific requirements. However, in order to avoid everything having to be removed upon departure in order to cater to the needs of the next tenant, we are becoming increasingly convinced that providing some level of **basic infrastructure** makes sense. Apart from heating, this includes ventilation, toilets, showers and, increasingly, also air-conditioning. Since building technology is becoming ever more complex, planning cannot stop at the basic fit-out stage, but must incorporate tenant fit-out considerations. For instance, even if there is optimal generation of cool air there is still a need for an optimal delivery

device within the tenant fit-out. This will also be beneficial for future tenants thanks to the operating cost savings thereby enabled. In addition, a uniform electrical distribution system in the basic fit-out, such as for example a raised-access floor, will support tenants in simplifying upgrades and conversions. Pre-calculated **fit-out options** make it easier for tenants to plan costs. It is important to find generally appealing, flexible designs and materials, so that a tenant fit-out with a lifespan of 20 years can be used for more than one rental client.

A good arrangement of the spatial and technical infrastructure allows a **high degree of flexibility** in the subdivision of rental space. This applies to, for example, the precise positioning of the bathrooms and entrances, as well as the option of moving walls. Depending on the need, large spaces should be available on one level, which can be divided into smaller units in case of changes in tenancy. While in existing buildings the potential for increased flexibility is predetermined and often limited by the construction method (e.g. solid or framed), in new buildings the façade and column grid is already planned with this in mind. The new ATMOS building or the Grosspeter Clime are based on this concept. Such considerations have also been centrally incorporated into recent renovations, for example at Gerbergasse 5.

More space for exchange and cooperation

We are making more room for flexible **cooperation and exchange**. It is possible that demand for space within offices for workstations may fall, including as a consequence of the pandemic. At the same time however, demand is rising for larger interaction spaces and common, multi-functional and open meeting areas, including spaces for informal exchanges. An office is no longer just a workplace with a desk, but rather a productive, creative and social meeting place where people work together in constantly changing structures. Infrastructure for mobility (e.g. bicycle parking spaces, charging stations for electric vehicles etc.) and fitness as well as additional service offers (e.g. lobby, catering or bookable conference rooms) are also becoming increasingly important.

The significance of **co-working** will increase further. We consider the co-working providers to be an ideal complement to our long-term rental business. This allows our tenants to react to short-term

space needs in an uncomplicated manner and, for example, to rent areas tailored to the needs of a specific project. On the other hand, co-working tenants can rent a larger space directly from us when they grow. We already have several co-working providers as tenants. We are convinced that co-working spaces will continue to expand, including as a consequence of the Coronavirus crisis. These may supplement traditional working spaces, potentially also as a half-way-house between an office and working at home, whether at regional or central level.

Local development

Most of our properties are positioned in central locations and are well connected to public transport. From a sustainability point of view, they are therefore generally well positioned, as they are accessible by environmentally-friendly mobility and do not contribute to urban sprawl. Due to their central location, these properties also have a special importance in the cityscape and in revitalising the surrounding area. With their spatial presence, our properties influence not only the immediate surroundings and the everyday life of tenants and neighbours, but also the perception of passers-by. For this reason, we attach great importance to architectural quality for new buildings and conversions, but also for major renovations, which ultimately leads to an enhancement of the public space.

Preservation of historical properties

The urban location of our properties in large cities means that a considerable number of them are under historic preservation. A monument reminds us of historical events, cultural events, social or technical achievements. Such protected buildings have an identity-forming character, and with their preservation we can conserve an intangible value for society. As owners, we therefore bear a great responsibility, which we fulfil with the help of selected artisans and other partners. These properties offer a high quality work environment and are popular with tenants because of their uniqueness.

Renovation work on the demanding project at **Bahnhofplatz/Bahnhofquai/Waisenhausstrasse in Zurich** has been completed for phases 1 and 2 apart from some tenant fit-out work and has been implemented liaising closely with

heritage authorities (see also the photographs on pages 188–191). The heritage agencies were also involved in the renovation of the property at **Rue du Mont-Blanc 12 in Geneva**. In addition, the renovations at **Bärenplatz 9, 11, 27 and Zeughausgasse 26/28 in Bern** involve a strong heritage preservation element. Further information concerning renovation and heritage preservation in Bern can be found at:

www.psp.info/heritage-preservation

Participatory development and local commitment

Local commitment also means that, when developing large areas or during major construction projects, we think about neighbourhood development with the goal of finding solutions with all parties involved, leading to a sustainable use of the site from an ecological, social and economic point of view. We want to create animated areas where people can meet, where they like to linger, and where local jobs are created.

We engage closely with authorities, partners and local residents in relation to major construction projects. We seek to develop solutions in as cooperative a manner as possible that generate economic and social value over the long term and cause minimal damage to the environment. We take account of urban development targets in terms of the usage mix, infrastructure and sustainability for the relevant areas and try to support them in the best possible way. We also give due consideration to aspects of city identity. These processes are long-winded. For example, the legally binding development plan for the **Grosspeter site** dates back to 2004. The site is now being transformed in stages. A new focus in terms of urban development was created with the Grosspeter Tower in 2017. The Grosspeter Clime wooden construction will further increase the value of the site with its sustainable, ecologically responsible architecture. The previous cafeteria will be replaced by a publicly accessible restaurant, providing residents and visitors with the opportunity to enjoy the cosy internal courtyard or the terraces offering views over the railway tracks. Find out more about the “support setting event” for Grosspeter Clime at:

www.psp.info/clime

Communication and interaction with local stakeholders and neighbours is an essential element of our social commitment, within both construction projects as well as when operating properties. That is why we conduct regular dialogue and information events, especially in relation to new-build projects. However, we are unable to organise everything in formalised “programmes”. Some interesting projects also emerge from the situation, for example in the case of interim use. For example, in November 2021 a “pop up art gallery” was opened for a month and a half at the Salmenpark in Rheinfelden, displaying paintings, sculptures and photographs by local artists. The empty commercial property spaces were provided free of charge by PSP Swiss Property.

[Social performance measures page 217:](#)
[Local commitment](#)

Ecological enhancement of the surroundings

We endeavour to better exploit the potential for **promoting biodiversity** by ecologically enhancing the surroundings to our properties – and where possible also terraces and roofs. Although this involves individual measures in some cases, it often occurs in relation to replacement new buildings, renovations or other value-enhancing measures that offer added value to tenants. For example, during the reporting year a versatile roof terrace was designated in the new ATMOS building, which can also be used as an outdoor workspace. The completed greening work on the plaza in front of the ATMOS building should start to make its full impact felt in the spring of 2022, and help to reduce potential heat islands.

A pilot project was planned during the reporting year in the area of environmental design, focusing specifically on the improvement of biodiversity for the property at Seestrasse 353 in Zurich. Alongside the current environmental value of the building's surroundings – which is quite low – environmental parameters have been analysed in the surrounding area, such as for example nest locations for swifts, the incidence of animal and plant types that are relevant within environmental design, or the presence of dispersal axes. The value enhancement concept premised on this involves the planting of indigenous plants and the provision of ruderal areas for pioneer vegetation. This means that also reptiles, wild bees or butterflies should feel increasingly at home there in future, contributing to biodiversity.

Priority 2022 The pilot project at Seestrasse 353 is set to be implemented in 2022 and should serve as a template for subsequent environmental design work within the portfolio. Our plan in 2022 is to put the potential for maximum greening of suitable spaces on a systematic footing. The long-term goal is to contribute to improving biodiversity and countering undesired heat islands in cities.

Demand for sustainable mobility

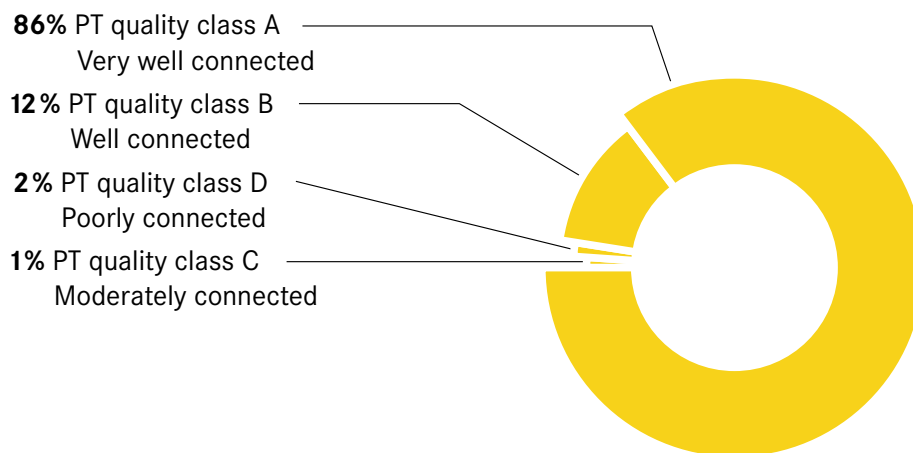
It is important to predict the mobility needs of users of offices and commercial premises, to take appropriate account of them within planning and strive for mobility that is as sustainable as possible. Good accessibility is therefore an important criterion within our purchasing decisions.

Almost 86% of the buildings in our portfolio are situated in areas falling within PT [Public Transport] Quality Class A, 12% in PT Quality Class B. Thus, 97% of the buildings in the portfolio is very well or well connected.

Generally speaking, requirements for bicycle parking, charging stations for electrical vehicles as well as cloakroom and shower facilities are incorporated into the planning of new buildings. For example, a large bicycle parking unit has been included within plans for the new ATMOS building. In addition, there is a basic system with power rails for any further expansion of electric charging stations. These criteria are also taken into account within renovation projects.

Public transport quality classes

The public transport (PT) quality classes provide information on the accessibility of an area with public transport. Important criteria that are included in this indicator are the distance to the stop, the type of transport, and its frequency.



Source: INFOPLAN-ARE, opentransportdata.swiss

The “Bahnhofplatz” in Zurich – Complex renovation project

These listed commercial buildings opposite Zurich’s main railway station are being modernised in three stages, some of which will be converted to other uses. The renovation work, with an investment volume of approximately 120 million Swiss francs, will take place over a period of six years.

Construction work for this major project began in 2017 with the complete renovation of the properties at Bahnhofplatz 1 and Bahnhofquai 9, 11 and 15. A major fire in August 2018 destroyed large parts of the interior of these buildings. Fortunately, the façade remained structurally intact and the exterior historic building substance was largely undamaged. In close cooperation with the heritage protection authority, it was possible to completely reconstruct the façade. Inside, modern office space has been created, which was gradually handed over to the tenants in the year under review. On the ground floor there are three attractive shop spaces with large window fronts.

The second stage of the renovation relates to the property at Waisenhausstrasse 2/4 and Bahnhofquai 7. Taking into account various monument preservation requirements, the entire cinema and office area was transformed into a hotel during the three-year renovation period. The “Ruby Mimi” city hotel with its 208 rooms has started welcoming guests in October 2021. The restaurant use on the ground floor is retained and now operates under the name “Du Pont Brasserie & Bar”.

Renovation work on the third stage of Bahnhofplatz 2 began in the reporting year and is expected to last until mid-2023. Representative office space and generous retail and restaurant space will be created here on the ground floor.





Meeting place with Belle Époque charm

The inviting bar in the Hotel Ruby Mimi is also open to the public and has already established itself as a new meeting place near the station. The Art Nouveau décor, the velvet and the vintage cameras exude the charm of early film sets and pay tribute to the history of the house.



Stately commercial building with high architectural quality

The façade of the building, which was erected in 1913 by the architects Haller & Schindler as the “Du Pont” commercial building, is made of black, reddish and yellowish-light artificial stone – a building material increasingly used in the Jugendstil period. In addition to colour pigments, crushed glass fragments were also mixed in to create light reflections. The building at that time already had a 450-seat restaurant and a cinema. The Orient Cinema (later ABC) was the first lavishly equipped movie palace in the city of Zurich.

Cosmopolitan Brasserie

The restaurant “Du Pont Brasserie & Bar” is operated by Candrian Catering AG and offers 250 indoor and 140 outdoor seats. The restaurant with its imposing room height is also accessible from the foyer of the Hotel Ruby.

Craftsmanship on the roof

The imposing roof of the “Du Pont” house with its domes, bat dormers, roof valleys and ornate tinsmith work is a masterpiece of craftsmanship. The laying of the plain tiles on such complicated roof shapes had to be meticulously planned and prepared with the help of old instructions. Thus, even the most difficult details are perfectly formed.

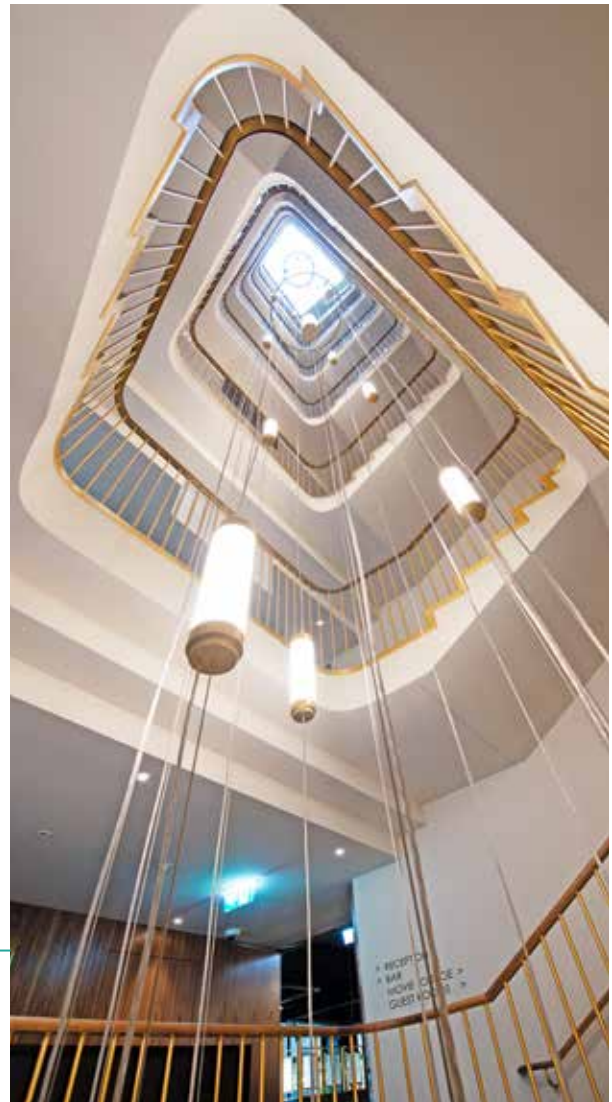


“Lean Luxury” and Hollywood Flair

Each Ruby hotel has its own individual style, matching the character of the city and the property. The “Lean Luxury” concept with comfortable beds, rain shower and soft towels is cleverly combined here with the luxurious flair of Hollywood in the 1920s.

The staircase – a visual attraction

The staircase cannot be overlooked on the way from the foyer to the reception. The wonderful lighting gives it the attention it deserves and lends it elegance.





Unique roof terrace

In order to preserve the external appearance, the roof with the skylights was completely rebuilt and reconstructed. Original materials were used and the roof was covered with natural slate again. The roof terrace opens up a wonderful view of the Limmat and the city.



Old and new stylishly combined

The standard floors, some with stuccowork and wall paintings worthy of protection, were so devastated by fire, extinguishing water and rain that they unfortunately could not be recovered. On the positive side, this created space for a more flexible interior design. Fortunately, the staircase ends in the staircase worthy of protection had already been removed for restoration before the fire and could be reinstalled.



Like a phoenix from the ashes

The building complex at Bahnhofplatz 1 and Bahnhofquai 9, 11, 15 was one of the most beautiful building ensembles from the Belle Époque in Zurich. On the night of Saturday, 25 August 2018, the buildings became victims to the flames. At first, it was not even clear whether the structure of these historic houses could be preserved. Today, the magnificent building shines again in its former glory.

Tenants

Satisfied tenants are the number one priority for the success of a real estate company. We like to have tenants who value our service and our buildings and can work productively in them. This means that having personal contact and working in partnership are absolute priorities for us.

With our own **property management and caretakers**, we aim to offer our tenants an optimal framework for successful business activities – by having a customer focus and providing functional, flexible and attractive business premises. When doing so we work as efficiently as possible so as to enable our tenants to benefit from low costs. Thanks to our efforts in relation to energy efficiency and reducing CO₂ we have already been able for instance to save at least CHF 35 million in energy costs and CO₂ taxes for our tenants since 2010.

Operational efficiency

Operational efficiency in the management and maintenance of our properties reduces our costs and improves our internal communication as well as our engagement with tenants and business partners. A number of improvements were made during the reporting year in the field of **IT infrastructure and digitalisation**. Thanks to the new structure and the joint Sharepoint platform (“PSP Connect”), data and information are used across departments in a manner that optimises processes. This will enable all operational departments to work more closely with one another. This has also enabled **information relating to sustainability** and project organisation in this area to be better incorporated into and made centrally accessible within this structure. We shall pursue further work on this integration in 2022.

As part of operational efficiency, we also want to keep the environmental impact as low as possible, especially in the areas of energy and water consumption as well as CO₂ emissions. An important basis for this is the adequate measurement of consumption. More than two-thirds of our properties are now connected to our energy control and alarm management system. This enables us to centrally monitor the relevant consumption values of our properties and see at a glance whether or not the current figures are within the tolerance range. In the event of irregularities such as a conspicuous increase in water consumption, we can react immediately. Permanent monitoring therefore also pays off economically for tenants.

Optimisation of operations

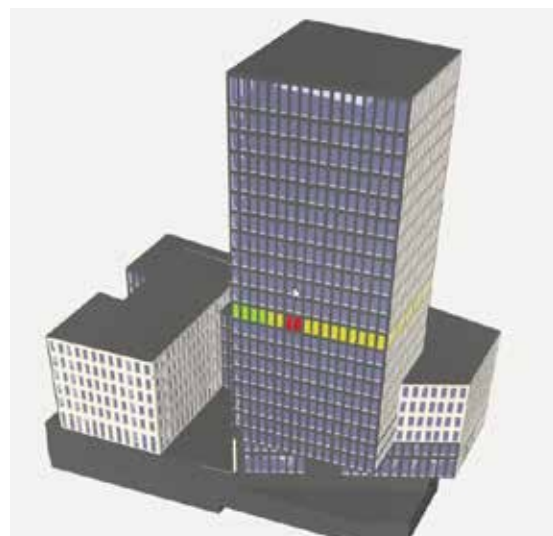
It is possible to reduce energy consumption significantly through structural measures. However, there is also scope for improvement on the operations side. For us the optimisation of operations is directly related to the type of building and the applicable warranty conditions.

Operational optimisation immediately after handover of new buildings and renovations

Often, once in operation, significantly more energy is consumed than predicted (“performance gap”). During the first phase however, the emphasis is on ensuring operation and comfort to the satisfaction of the tenants. The actual energy optimisation takes place afterwards. This first phase will be started in 2022 in the ATMOS building. For the Grosspeter Tower, a building model – known as an “as built digital twin” – has been created in order to determine future energy consumption. Initially, one works with standard weather data-sets to simulate energy demand. Once the building has been commissioned, however, real-time

weather data is used. With this, the actual condition can be compared. This means that any potential performance gap can be analysed at a high level. Thanks to the visualisation, this can be done in a highly intuitive and flexible manner. After this initial 2-year operational optimisation phase was completed, the system was placed into “regular” operation in 2021 and handed over to the facility management provider. An even greater focus will now be placed on energy optimisation, whilst at the same time ensuring a transition from “pandemic operation” to “standard operation”. Find out more about the performance gap analysis using a digital twin for the Grosspeter Tower:

www.psp.info/performance-gap-analysis



Source: Siemens Schweiz

Energetic operational optimisation in existing buildings

During operation, problems with comfort or sudden increases in energy consumption cannot be completely excluded. As owners, we strive to recognise these at an early stage and to take appropriate countermeasures immediately. Operational optimisation is currently being carried out on the Richtipark Wallisellen in conjunction with an external partner following the identification of significant further potential for reducing energy consumption.

Energetic operational optimisation as a permanent task

The focus is on efficient plant operation, which we ensure for the entire expected duration. Depending on the use, the task of optimisation can also consist in preventing energy consumption from rising. However, the requirements arising during the pandemic have convincingly shown that energy consumption is not necessarily the sole focus, also during the standard operational phase. In particular enhanced hygiene measures along with the corresponding recommendations concerning the operation of ventilation systems have demanded a high priority during this period (see the Focus Issue “Optimised operations during the pandemic?” on page 196)

Priority 2022 We regard the optimisation of operations as an ongoing task. It will be essential, following the phase involving extended operating times and increased volumes of air during “pandemic operation”, to return once again to optimised standard operation. However, there is not the same level of awareness about this and clarity regarding responsibilities throughout the organisation. We aim to establish this more firmly in 2022 by adopting more systematic approaches and through targeted training.

[Environmental performance measures page 214:](#)

Electricity, district heating and cooling,
fuels (oil/gas), Energy intensity

[Environmental performance measures page 214:](#)

Greenhouse gas emissions Scope 1, 2 and 3,
Greenhouse gas intensity

Water consumption and waste prevention

The focus of our ecological efforts in relation to operational aspects clearly lies on reducing energy consumption and CO₂ emissions. However, other resources are consumed in addition to energy, such as for instance water, office materials or cleaning materials. Furthermore, waste is produced. We seek to make efforts as far as possible in order to minimise the negative effects of operations. User behaviour is a significant factor here, although we are only able to influence it to a limited extent. We are increasingly seeking to raise awareness concerning environmental protection amongst building users. This applies in particular to water saving but also waste.

- **Water consumption:** as a general rule, office buildings are not major consumers of water. Water-saving valves and devices are installed in new and renovated buildings. Compared to the previous year, specific water consumption fell by 27% to 0.35 m³/m² in the reporting year (2020: 0.47 m³/m²). This sharp reduction is mainly due to the fact that many offices were heavily underutilised throughout the reporting year. Conclusions about success in saving water are therefore hardly possible for the year 2021.
- **Waste prevention:** since waste disposal and the payment of volume-based waste charges, based on the polluter-pays principle, are the responsibility of the tenants in Switzerland, we do not collect any data relating to waste. However, we endeavour to support our tenants in this area and to provide suitable infrastructure and access to services that enable and facilitate the avoidance of waste as well as reuse and recycling.

[Environmental performance measures page 214:](#)

Water consumption

[Environmental performance measures page 214:](#)

Wasser intensity

Service orientation and wellbeing of tenants

For us, appreciation, reliability, quality and transparency are the basis of a professional business relationship that is successful in the long term. We want to be a solution-oriented, trustworthy and flexible partner for our customers and business partners.

A long-term customer relationship begins with the rental of offices or shops. However, its basis is laid even earlier, during the first customer discussions, the evaluation of the ideal property, and the professional handling of the rental process. An important basis is the need for rental spaces to be perfectly suited to the tenant. This makes sense for both parties but also for the environment as it helps to avoid expensive and energy-intensive relocations. This step is followed by comprehensive support for fit-out and occupation. After that, it is the task of our property managers and local caretakers to identify new customer needs at an early stage, provide proactive support, and take the appropriate measures. **Setting us apart from other companies, we offer all these services in-house.**

Our tenants should feel at ease in our buildings so that they can carry out their business activities productively and successfully. This includes a pleasant indoor climate and suitable infrastructure enabling efficient work and engagement in social contact, as well as supporting a good work-life balance. It is also important to guarantee safety and security.

Good communication is essential in order to identify the needs of tenants and also to raise their awareness concerning issues such as climate change. The following issues will be addressed as a matter of priority in future:

- **Increased digitalisation in property management and marketing:** thanks to our own property management we are uniquely close to our tenants. Through improvements in digitalisation, we can react even faster and in a more targeted manner. Also in marketing, we are achieving greater transparency, efficiency and improved support for customers in finding the ideal property. Efforts are

underway, for example, in the areas of electronic rental dossiers, 3D visualisation and electronic rental contracts.

- **Tenant fit-out:** here we have enhanced our capacities in the previous year with the creation of the Business Development Team so that we can provide closer support to our tenants. As a result, it should be possible to better reconcile the increased requirements in terms of technical infrastructure and flexibility on the one hand with the specific needs of tenants on the other hand.

Priority 2022 We would like to produce a booklet in 2022, which will support our tenants in taking appropriate account of sustainability considerations such as energy efficiency, reusability, indoor climate or security, when planning their tenant fit-out work.

- **Raising tenants' awareness and "green leases":** we would like to raise our tenants' awareness in relation to sustainability and make them more involved in our efforts, for example in relation to energy optimisation and water saving. We concluded a so-called "green lease addendum" with one of our largest tenants during the reporting year.

Priority 2022 We plan to expand this approach in 2022 by concluding further agreements with the same tenant. This should be followed by discussions with other tenants. The results from last year's tenant survey suggest that tenants are willing to take action in this area. The aim is to promote building-specific, systematic and constant dialogue with tenants concerning the issue of sustainability, and thus to ensure sustainable building operations.

[Social performance measures page 217:](#)
[H&S impact assessments and number of incidents](#)

Focus Issue: Optimised operations during the pandemic?

Recording energy and water consumption and calculating CO₂ emissions are an important element of sustainability management. They provide the basis for reviewing outcomes and defining strategies and goals. They also provide external stakeholders such as ratings agencies or investors with information concerning ambitions and the successful implementation of measures in this area. However, due to the Coronavirus pandemic, as was previously the case in reporting year 2020, we have still not returned to “standard operation” in 2021.

Demand for thermal energy: it is possible to show how difficult direct comparisons are by comparing between reporting periods. The heating period during the winter months (Q4 and Q1) was not yet significantly affected by the pandemic during the previous year. There was a slight fall in office occupancy in the run-up to the lockdown, and after the lockdown was imposed some offices were even closed. Demand for heating was also low due to the warm weather. The impact was noticeably stronger during the reporting year: although no lockdown was imposed, working from home was recommended, which was turned into a requirement from the middle of January 2021. Many offices were effectively empty throughout the winter, but had to be heated nonetheless as proper comfort had to be guaranteed at all times also for the small number of people who came in to work. Due to the reduced level of heat lost from those present and from devices, demand for heating

was in general significantly higher during this period. In addition, ventilation systems were operated at a higher rate and for longer periods on the advice of specialists and in line with requests from tenants. The necessary heating of the air further increased demand for energy. Increased ventilation by opening windows was recommended for buildings that do not have mechanical ventilation systems, which in turn resulted in increased demand for heating.

During the business year, the primary flow temperature of the ERZ Zürich West district heating system was reduced from 120 °C to 104 °C. This measure required an intervention in regulation and should lead to a reduction in energy consumption. However, as this changeover took place during “pandemic operations”, the necessary adjustment of the quantities in the systems was a challenge, which possibly also led to a (temporary) increase in consumption.

For the reasons mentioned above, like-for-like thermal energy consumption increased compared to the previous year by 11.7%. This is an unwelcome development; however, it should fall again significantly in future as a result of efforts to switch to “standard operation”.

Electricity consumption: the effects are less clearly apparent for landlord-obtained electricity consumption. On the one hand, low occupancy may have led to reduced consumption for lighting. On the other hand, some tenants required permanent ventilation (24 h/7 d), which in turn increased

	1 July 2019–30 June 2020	1 July 2020–30 June 2021
Q3	No impact/no restrictions in Q3 2019	Working from home requirement revoked; partial return to full occupancy, although many companies are still continuing with working from home
Q4	Marginal impact/no restrictions in Q4 2019	Rising case numbers, many companies continue with working from home; working from home recommended from 19 October 2020
Q1	Recommendations for working from home from January 2020, lockdown from 16 March 2020	Rising case numbers, requirement of working from home from 18 January 2021
Q2	Lockdown until 11 May 2020, working from home recommended until 22 June 2020	Working from home compulsory until 23 June 2021, thereafter recommended

consumption. A lower electricity consumption that most probably resulted from the low level of usage of devices such as computers and printers is not apparent within the figures, as these are relevant for tenant electricity consumption, which is not recorded here. Like-for-like electricity consumption thus remained stable (-0.2% compared to the previous year).

Water consumption: The correlation between occupancy and consumption is fairly clear for water: if fewer employees are in the office or if a restaurant is closed, then less water is used. This is clearly apparent from the fall in like-for-like water consumption by just under 23%.

Since tenants do not normally furnish precise details concerning property occupancy at different points in time, it is very difficult to carry out a more detailed analysis and to impute any partly countervailing effects. Also energy optimisation projects had to deal with changing and partly unknown occupancy levels, for example at the Grosspeter Tower or the Richti site. A number of suboptimal processes were identified in the property at Richtistrasse 7 in Wallisellen, which had a negative impact on energy consumption. As a result, an energy optimisation initiative has been pursued with an external partner over the last two years. It has in actual fact been possible to implement a variety of measures (e.g. adjustments to room set points or the switching off of unnecessary cooling equipment), which has led to a reduction in the consumption of heat by 20% compared to the previous year. Nevertheless, energy consumption during the winter was significantly higher than the optimisation target figure set. This shows how challenging optimisation is outside periods of normal operation, even if targeted measures are adopted.

Flexible working models call for operational optimisation

An optimised business should be based on optimised occupancy. Half-empty offices are not optimal – neither in economic terms nor from the viewpoint of resource use. Aside from current “pandemic operations”, it must however be assumed that more flexible usage will be required in future, and also to some extent the reduced occupancy of office spaces. In addition, hygiene requirements for designing “safe” workplaces have also increased. In order to meet with all of these demands, the more active involvement of all parties will be indispensable. We expect to be able to engage with this issue in a more targeted fashion in 2022 and subsequent years by implementing more extensive concepts and providing training in optimising operations.



Renewable electricity directly from the roof

In Zurich, three new photovoltaic systems with a total capacity of 242 kWp were installed in the year under review. In the future, these will supply around 235 000 kWh of electricity, which we will use directly in the properties. In this way, our tenants can also benefit from environmentally friendly solar power.

In the picture: Installation at Hardturmstrasse 131–135



Innovation and protected substance

The challenge facing our business development team and the construction department at Uraniastrasse 9: how to reconcile the needs of modern, dynamic companies with the character of a building under cantonal monument protection. Together with the planning team, this was achieved very successfully – within an ambitious time schedule.

Picture above: rental space in basic construction, picture on the right: built-out meeting room at Advestra AG





Support setting event instead of laying the foundation stone

The needs of our tenants change over the years. The building on the Grosspeter site was constructed at the time for the very specific requirements of Telecom PTT (later Swisscom). The enormous leaps in technology over the last few decades have meant that a shell that was tailor-made for that time no longer fits today's uses, which is why the building was demolished and a new one is being constructed. The parking garage was deliberately retained, which will save a lot of grey energy. For this reason, there was no laying of the foundation stone for the Grosspeter Clime, but as a thank-you for all those involved, a support setting ceremony took place in September 2021.



More green on the terraces

In early summer 2021, we had beautiful planter boxes with native plants (including herbs for the kitchen) installed on the terrace of the Lunch 5 restaurant at Förrlibuckstrasse 62. The greenery on the roof terrace of the ATMOS and the plaza in front of it was also initiated in 2021 and will fully develop in spring 2022. This will please users but also contribute to biodiversity in the neighbourhood.

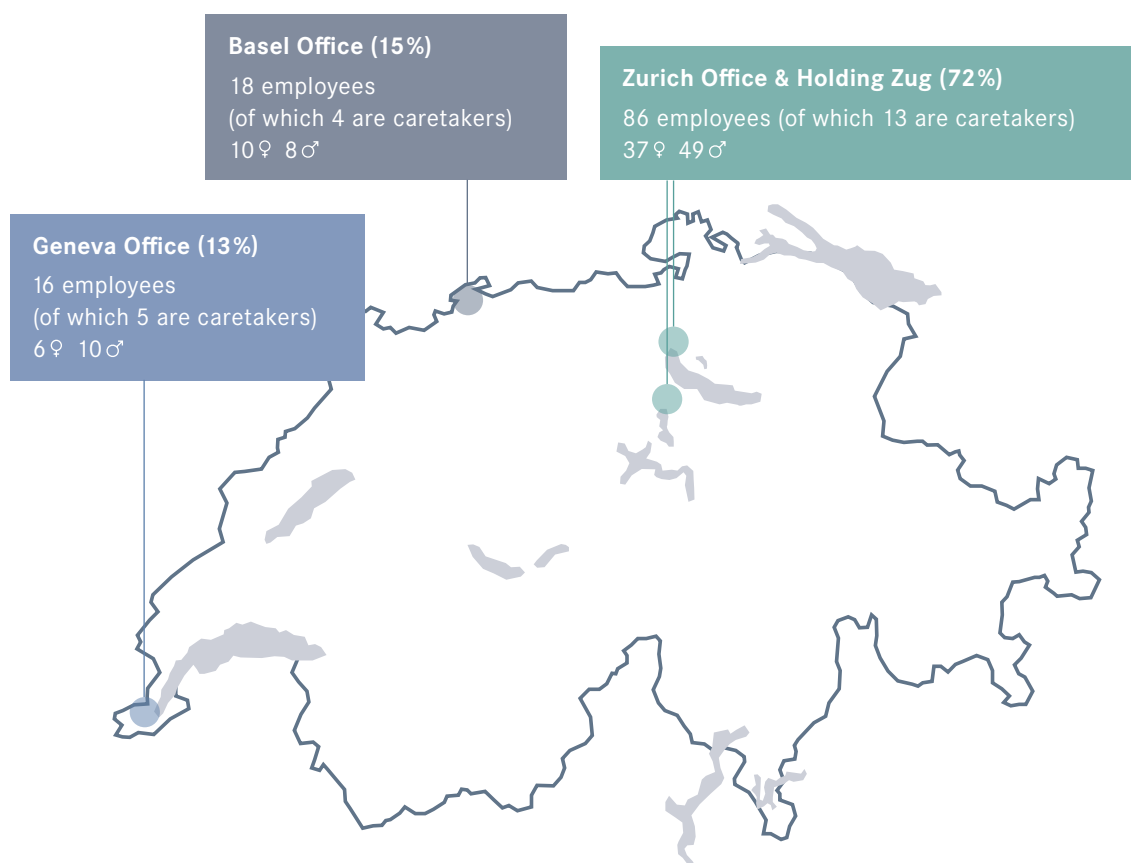
Employees

Well-trained, competent and motivated employees are the key factor in the success of our business. Every day, they are committed to the concerns of our tenants and business partners and ensure that we will be able to fulfil our ambitious targets for the future.

We offer an attractive, safe and varied working environment that increases the motivation of our employees and enables them to perform to a high standard. We also promote the professional and personal development of our employees and encourage them to contribute creatively and independently to their daily work. At the end of 2021, 120 employees were working at PSP Swiss

Property, 22 of whom were caretakers (end of 2020: 118 employees, 22 of them caretakers). The caretakers work on a property-related basis and are managed by the property management unit of PSP Management AG. Details on our operational organisation can be found on our website.

www.psp.info/management-structure



In the autumn of 2021, an anonymous employee survey was carried out according to the “Great Place to Work” (GPTW) methodology for the second time since 2019. The survey identifies workplace culture and employer attractiveness based on five dimensions: credibility, respect, fairness, pride and team spirit. These values are important for us, and we seek to embody them through our actions.

www.psp.info/values

At 80%, the response rate in 2021 was slightly lower than the last survey (87%). However, the results remained very good overall. The Trust Index – the aggregated score for the five criteria – increased from 85% to 86%, whereas “General Satisfaction” fell slightly from 96% to 93%. Based on the very positive results, we were once again certified as a “Great Place to Work”. Details concerning the survey results can be found on the Great Place to Work® website.

www.greatplacetowork.ch

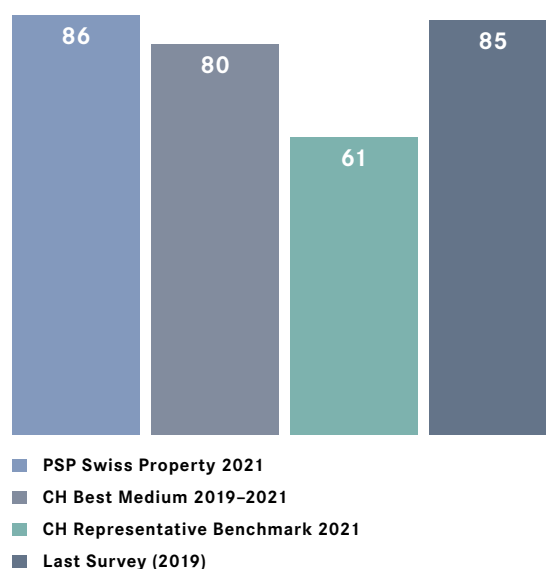
Priority 2022 The results of the employee survey were presented to the Executive Board in November 2021. They were announced to the Company in February 2022. In due course we will identify potential areas with scope for improvement where action is required and also take appropriate steps to address them.

GPTW Survey 2021
General Satisfaction:

Taking everything into account, I would say this is a great place to work.

Agree: 93%

GPTW Survey 2021
Trust Index (average of all questions)



Corporate culture

With our open corporate culture, we lay the foundation for creating trust, conveying security and convincing all our stakeholders with optimal solutions. Our principles on employment rights and obligations are also set out in the **code of conduct**.

Workplace culture and communication

An **open discussion culture, flat hierarchies, and our manageable size** allow us to efficiently exchange and discuss ideas, information and concerns. In the context of collaborative corporate management, as much responsibility and competence as possible is transferred to the employees.

We welcome the uncomplicated and interdisciplinary exchange of information and ideas among our employees. For this purpose, we want to create thinking and work spaces that can also bring employees and business partners together in an uncomplicated way. Our so-called “Collaboration Lab” at the Zurich site is actively used for exchanges. The photographs on our website provide an insight into our cooperation and meeting areas. With the move to the new, modern office premises on Kirschgartenstrasse, the staff of the Basel office will also benefit from an inviting environment for formal and informal exchange (see also photographs on pages 210–211). The opening of new offices in Geneva and Bern is planned for the 2022 business year.

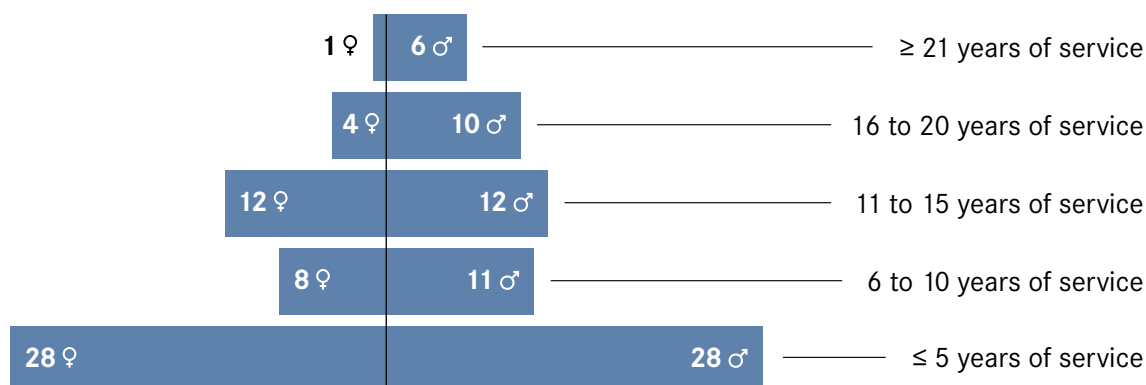
GPTW survey 2021

I'm proud to tell others I work here.

Agree: 96%

The employee survey conducted in autumn 2021 confirmed again that our managers are approachable, open to dialogue, and that they keep their promises. We inform all employees in a timely manner about important business transactions and internal matters (such as personnel information and organisational changes) in German and French. In the interest of good internal networking and communication, we regularly inform employees in the quarterly report about current topics, the developments and goals of the Company, as well as about the current course of business. During the long period of compulsory working from home in the year under review, the Executive Board and managers were very keen to communicate regularly through various channels to provide reassurance, to encourage staff and to show understanding for the challenging family and work situations. The improvements in interdepartmental information and communication thanks to adjustments in the IT infrastructure are reported on page 192 under “Operational efficiency”.

Years of service of employees



GPTW survey 2021

I want to work here for a long time.

Agree: 95%

Cooperation between us is built on reciprocal appreciation as well as respect, loyalty and responsibility. More than half of employees have been working for us for longer than 5 years.

[Social performance measures page 216: Fluctuation](#)

Fair market salaries

We pay competitive market-based salaries, which we determine individually according to criteria such as education, function and level, professional experience and performance. All employees receive a bonus based on the business results, as well as benefiting from other advantages. These include free continuing education and the financing of accident insurance as well as the provision of daily sickness benefits insurance by the employer. By providing financial support to employees for the use of public transport, we also make an additional contribution to ecological sustainability.

GPTW survey 2021

People here are paid fairly for the work they do.

Agree: 94%

It goes without saying that we guarantee equal opportunity for all employees. In order to ensure equal pay between men and women, we regularly compare the salaries of our employees. We also always compare salaries when hiring. The equal pay analysis conducted by an external company in the previous year confirmed that PSP Swiss Property distinguishes itself as a fair employer. Following an examination by the auditing company SGS², we were therefore awarded the “Fair-ON-Pay+” certificate in June 2020.

[Social performance measures page 216: Gender pay gap](#)



² SGS (Société Générale de Surveillance SA) in Switzerland is one of the leading providers of services in the areas of auditing, testing, verification and certification and employs around 200 staff at six locations throughout Switzerland.

Focus Issue: Equal opportunity and diversity

All employees enjoy equal opportunity. We do not tolerate discrimination in any form. It is only by ensuring equal opportunities for all along with a diverse employee team that we can draw in an optimal manner on the experiences and perspectives of all employees alike as a source of innovation, problem solving and dedication.

GPTW survey 2021

Employees are treated fairly irrespective of their nationality or ethnic origin.

Agree: 99%

There are a number of dimensions to diversity: Frequently mentioned criteria include age, gender or sexual identity, sexual orientation, ethnic origin and nationality, social origin, physical and mental capabilities, religion and philosophical belief – or the “core dimensions” so to speak. In addition, “external” factors such as education, marital status, parental status or recreational behaviour can also influence cooperation within teams and affect performance.

GPTW survey 2021

Employees are treated fairly irrespective of their sexual orientation.

Agree: 100%

It is important for us to incorporate all dimensions to this diversity into the working environment. However, as a company with 120 employees, not all of these dimensions can be encapsulated in statistics and managed through goals and programmes. For instance, we deliberately do not keep precise statistics concerning the ethnic origin or migratory background of employees or their parents. Switzerland is a country of immigration, and a voluntary employee poll has confirmed that this cultural diversity is well represented within the workforce. It established that at least one third of employees has a migrant background. Linguistic diversity is also impressive, with 18 different native languages being spoken. The results of the employee survey indicate that everybody considers themselves to be fairly treated, irrespective of their nationality and ethnic origin.



Our modern offices offer the optimal framework for experiencing this diversity and engaging with one another through our similarities, but also showing interest in and tolerance for the differences between us. The statements made in the GPTW-employee survey indicate whether we are on the right track and where there is any need for further action.

GPTW survey 2021

Employees are treated fairly irrespective of their gender.

Agree: 93%

GPTW survey 2021

I can “be myself” here and don’t need to put on an act.

Agree: 94%

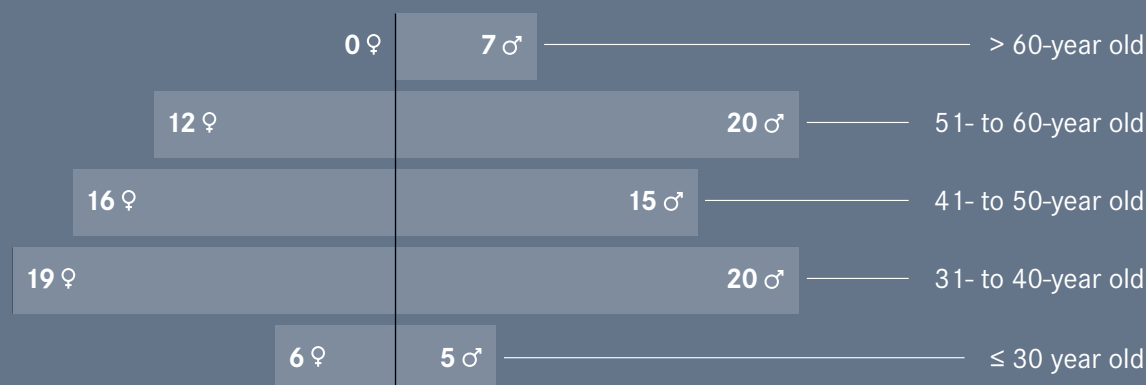
Three areas deserve special attention from the perspective of diversity and inclusion:

Gender equality

The property and construction industry is traditionally male-dominated. With 53 **women** working for the Company, their share in 2021 was 44%. As a result, the gender ratio is almost balanced overall, with a different distribution in the different departments. Whereas roughly the same numbers of men and women work in Property Management, women are still greatly under-represented in the Construction and Caretaker departments. It is quite unlikely that the proportion of female caretakers will increase significantly over the coming years. In Construction on the other hand a trend is apparent, and we are making considerable efforts to attract women to this department. Nevertheless, out of the 16 current employees in Construction only two are women. The structural problem in this sector is also apparent as regards the representation of women within senior management. Although the externally audited equal pay analysis has confirmed that we are exemplary in achieving equal pay between men and women, it is clearly apparent from the figures on page 216 that there are not enough women at the two highest hierarchical levels. This is recognised. Since the number of people in the Executive Board and senior management is relatively small and turnover is low, it will take some time until the picture changes.

[Social performance measures page 216:](#)
[Gender diversity](#)

Age of employees



Inter-generational cooperation

We take the challenges associated with demographic change in Switzerland very seriously: a growing group of older employees will be working alongside a comparatively smaller number of younger professionals. When appointing staff we always seek to create mixed-age teams and to enable the right framework conditions to be created for the differing demands of the various generations. In future, both younger and older employees will have to be increasingly ready to benefit from one another's experience and knowledge. It is also important that employees of every age can ensure their continuing employability through constant core and advanced training. For instance, during the reporting year we recruited a trainee buildings and infrastructure technician, whilst at the same time enabling a prospective caretaker over 50 to complete a traineeship with us as part of the process of qualifying as a specialist caretaker. During the reporting year 30% of newly appointed employees were over 45 (previous year: 44%). Deserving employees may continue to work also after retirement age, for example on a part-time basis or by the hour.



Cooperation and dialogue across linguistic boundaries

PSP Swiss Property only operates in Switzerland. However, Switzerland is by no means homogeneous in terms of culture and language. We also experience this in our everyday operations, with our two business locations in German-speaking Switzerland and one business location in French-speaking Switzerland. Although multilingualism is a matter of course in Switzerland, understanding one another across linguistic boundaries is always a challenge. In order to break down language barriers, employees are encouraged to take language courses, which can also be followed in the office during working hours. In addition, understanding is further promoted by joint events involving employees from both language regions as well as reciprocal visits. Wherever possible, meetings are always held at alternating locations.

Employee development and retention

Training and continuing education is not a matter exclusively for the state or private individuals. Companies must also take on responsibility for training up people and support them in realising their potential. We are mindful of this responsibility and take it very seriously. Ultimately, we also benefit from well-trained and motivated employees.

Recruitment

We are looking for people who fit into our corporate culture and identify with our values. This requires expertise and willingness to perform, but also a high level of service and customer orientation as well as social skills. We attach great importance to the careful introduction of all new employees into our organisation. In the reporting year 2021, 10 employees took up new positions. Carrying out induction during the lockdown was a particular challenge. Again, in the second year marked by the pandemic, we successfully integrated all new employees despite all the restrictions, thanks to intensive communication.

[Social performance measures page 216:](#)
[New hire rate and turnover](#)

Assessment and development

There are regular personnel reviews between managers and employees involving discussions of individual situations or development discussions, which are held at least once a year. They provide our employees with important feedback on their work and define their contribution to the achievement of goals within the Company. Despite being

aware that opportunities for development at a Company with 120 employees are limited, it is important for us to develop and support employees within our Company, for example by enabling them to move between departments or to take up new positions. For instance, the reporting year saw staff moving from Finance to Treasury, from Property Accounting to Financial Accounting or from Property Management to Asset Management.

[Social performance measures page 216:](#)
[Performance appraisals](#)

Training and continuing education

We promote the professional and social skills of employees and support them in their professional development with personal training and continuing education. Our internal theme lunches ("PSP Academy Lunches"), which we hold on a regular basis, are also popular. At these events, current business cases are analysed or themes and trends are presented and discussed.

External training and continuing education include courses in the areas of real estate, IT, management, communications, accounting, and sustainability. As language skills are becoming increasingly important, also in the local property business, we have been offering our employees free courses in German, French and English for several years. These can be attended during working hours at the office locations. In the reporting year, some of these courses took place in an online format.

[Selection of various training programmes attended by our employees in 2021:](#)

MAS in Energy and Resource Efficiency	Dipl. Leiter Facility Management & Maintenance	
Course for vocational trainers	Fire Protection in Building Management HVAC	
CAS Energy and Economy	Language courses in French, German and English	
CFA Program	CAS Inhouse Counsel	Compact course: Urban Psychology CUREM
CAS in Change Management	CAS in Real Estate: International & Digital Management	

In 2021 each employee completed an average of 3.3 days of internal or external training or continuing education. This figure is below the long-term average, as some training had to be either cancelled or deferred due to the pandemic.

[Social performance measures page 216:](#)
[Training and development](#)

Employee health and wellbeing

It is important for us to offer an attractive and safe work environment. However, it is also important for physical and mental health for employees to strike a good balance between work, family, free time and other duties. We received very good marks in our employee survey for our good working environment, enabling a good work-life balance and our understanding of different life situations.

Health and safety

We want to help our employees to feel at ease in our buildings and to be able to work productively there. We naturally ensure that our buildings do not give rise to any risks for employees (e.g. from VOC emissions from carpets or risks of falling). Aside from the extraordinary measures required as a result of the pandemic, we also supported the health of our employees this year through various measures.

GPTW survey 2021

This is a physically safe place to work.

Agree: 96%

Workplaces: for us, generous, modern work areas and a high-quality infrastructure are a matter of course and create ideal conditions for working. In line with the strict Suva (Swiss Accident Insurance Fund) standards, we also provide all employees with ergonomic chairs and desks equipped with electric height adjustment.

Meals: all locations have a bright cafeteria area. When purchasing products we support Swiss family businesses or our tenants where possible. In the autumn of 2021, as part of a PSP Academy, an event was held together with an external expert with the aim of raising employees' awareness in relation to healthy eating.

GPTW survey 2021

Our facilities contribute to a good working environment.

Agree: 91%

Fitness: the in-house fitness facilities set up in Zurich are actively used by our employees. Our employees in Basel and Geneva benefit from contributions to fitness subscriptions. During the reporting year, PSP Swiss Property participated for the second time in the Swiss-wide health promotion initiative "bike-to-work", which was once again well received, despite the rainy weather in May. Combined with the additional opportunities for our employees to create their own personalised fitness programmes, this encouraged a number of employees to pay more attention to their physical health and to seek to improve it.

Occupational safety: in the area of occupational health and safety, we have the appropriate emergency protocols, organise the required courses (first aid courses, defibrillator, fire) and regularly carry out drills involving all staff.

[Social performance measures page 216:](#)
[Injury rate, lost day rate](#)

Work-life balance and mental health

We are responsible first and foremost for the wellbeing of our employees at work, but we are aware of the challenge of balancing work and private life. Balance is important for personal development. It also strengthens physical and mental health and general wellbeing. The younger generations in particular take flexible working hours, state-of-the-art workplaces, the latest technologies, and having a say for granted. As an employer, we try to take this "New Work" trend into account as far as possible, the focus of which is on the development of an individual's potential.

GPTW survey 2021

This is a psychologically and emotionally healthy place to work.

Agree: 88%

Flexible working time models: In 2018, we introduced the so-called “annual working time” for all employees and caretakers. This is intended to allow flexible working hours. In this way, we can manage fluctuations in workload and the varying needs of employees. On the one hand, this enables us to increase operational efficiency, but on the other hand it also increases the time autonomy of employees, thus ensuring a better balance between family, leisure, and career. Since 2020, the holiday entitlement for all employees has been at least five weeks, corresponding to 25 days per year. The legal minimum in Switzerland is four weeks, or 20 days per year.

Part-time work: in order to be able to exploit our full potential, we also offer part-time work, part-time work after retirement, continuing employment by the hour or early retirement. In 2021, 30 were employed part-time, which corresponds to a share of exactly 25%. Sixteen female employees and three male employees without rank as well as nine female and two male middle-management staff had a part-time contract.

Working from home: all employees are equipped so that they can work from home. Thanks to our strong corporate culture, employees have to date weathered the pandemic well, with months of mandatory working from home. The working methods introduced during this period as well as the competences developed in the area of digitalisation will also be beneficial after the pandemic has passed. There will also be scope for working from home in future, in consultation with line managers. Nevertheless, we continue to consider the office as an important place at which our company culture and our values can be best conveyed and experienced.

Mental health: We also offer our employees the opportunity to obtain free, anonymous advice on personal or professional matters from external specialists. In order to deal with any potentially stressful crisis situations, we have had a contract with a care organisation since the beginning of 2020 that could support in dealing with them.

[Social performance measures page 216:](#)

[Absentee rate](#)

Priority 2022 In 2022 we intend to step up our efforts in relation to health management within the Company and incorporate it into existing management systems. As part of this process, we intend to focus more on ergonomics and to make further improvements. In addition, we are aware that the pandemic has increased the danger of psychological and social risks, since measures such as extended periods of working from home or weeks of quarantine with one's entire family can represent a major challenge for employees. Particular attention should therefore be paid also to the mental health and resilience of our employees. This also incorporates the active management of absences.

From Olten to Basel

In the middle of May 2021 we relocated our Olten office to Basel. The property at Kirschgartenstrasse 12 in Basel offers modern workspaces, various options for formal and informal discussions as well as well-appointed meeting rooms in which we are also happy to receive our guests. The relocation entailed significant upheaval for employees, although all of them took it in their stride.

“I too had to adjust my daily routine following the move, but I found it worked out well. Here in Basel, with the open space, we are all closer together. This means we find out what’s happening in other teams and properties. This creates greater mutual understanding.”

Edina Tutnic, Administrator, Property Management



“The modern office in Basel offers a lot of opportunities and has an ideal configuration. This really makes up for the significantly longer commute. I’m also looking forward to the new office in Bern.”

Micha Wittwer, Administrator, Property Management



“Since we have been working at the new offices in Basel, I have been able to optimally follow my portfolio in the city of Basel. I am close at hand for tenants and can visit our projects if any challenges arise, including at short notice. This means I can respond quickly and discuss any concerns in person on site.”

Terri-Liza Bachmann, Property Manager



“The move to Basel only occurred in stages due to the restrictions imposed in relation to the pandemic. Despite these circumstances, the new offices simplify the way we work together. The proximity to our clients also means that more meetings take place on our premises.”

Fabian Laube, Head of the Basel Office

Finances and disclosure

We create added value through portfolio optimisation and external growth. Financial strength and flexibility are key aspects for us. Imposing the most exacting requirements in relation to disclosure means that our investors and other stakeholders can also see this for themselves.

Financial strength

We take care that our financial capacity is strong at all times. This involves, amongst other things, keeping our debt low, with an equity ratio of 54.7%. Furthermore, we focus on refinancing that takes account of our conservative investment policy. Identifying, measuring and managing risks is allocated a high priority. A detailed report concerning our assessment of real estate market risks and financial risks such as credit risk, liquidity risk, market risk and equity risk, is provided on pages 56–60. Investors are also increasingly focusing on risks associated with climate change and other risks resulting from interaction with the environment and society. These are addressed in the chapter “Portfolio” on pages 176–187. Our Financial Statements on pages 37–127 provide ample evidence of our financial strength and our successful management.

Transparency and reputation

Ensuring transparency and the provision of appropriate information to investors and other stakeholders is important for us. We are a member of EPRA (European Public Real Estate Association) and have been providing financial reports and sustainability reports according to the EPRA Best Practices Recommendations (BPR and sBPR) since 2010 and 2015 respectively. PSP Swiss Property has been awarded the EPRA Gold Award several times in a row for its reporting in both areas.

However, over the last few years pressure for more stringent rules has increased, in particular in the area of sustainability, in order to avoid greenwashing and to ensure that investors receive standardised, objective information. Transparency requirements are also increasing as regards the engagement with human rights, such as for instance combatting child labour and slavery or guaranteeing rights in employment – both in the EU and in Switzerland. Although our materiality analysis has established that we do not have any significant risks in terms of human rights, it is still important for us to live up to our responsibilities also in this area and to report for instance how we ensure that human rights are guaranteed within the supply chain and how environmental requirements are complied with.

Priority 2022 During 2022 we intend to streamline our existing sustainability guidelines and initiatives with the rules in place in Switzerland as well as throughout the EU, in addition to those set to be introduced over the next few years (for example, counter-proposal to the “Corporate responsibility initiative” – in German “Konzernverantwortungsinitiative – TCFD, SFDR, CSRD, EU Taxonomy). We shall analyse where future obligations lie and where any gaps may be apparent – either from a management perspective or simply from a disclosure perspective. This will then provide a basis for the adoption of appropriate initiatives.

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Performance measures

EPRA Sustainability performance measures – Environment ☒

The following table contains the environment-related performance measures for 2020 and 2021. Performance measures which are reported according to the EPRA sBPR standard and are marked with the respective EPRA code. Ernst & Young Ltd provided limited assurance on the information marked with ☒ for 2021. Explanations on the performance of the key figures can be found on pages 181 to 182 and 196 to 197

EPRA code	Unit	Indicator	Scope	
Energy				
Elec-Abs, Elec-LfL		Electricity	For landlord shared services, air-conditioning, ventilation	
			(Sub)metered exclusively to tenants	
			Total landlord-obtained electricity	
			Proportion of landlord obtained electricity from renewable sources¹	
DH&C-Abs, DH&C-LfL	kWh	District heating and cooling	Heating passed on to tenants	
			(Sub)metered exclusively to tenants	
			Total landlord-obtained district heating and cooling	
			Proportion of landlord obtained district heating and cooling from renewable sources	
Fuels-Abs, Fuels-LfL		Fuels (oil/gas)	Heating passed on to tenants	
			(Sub)metered exclusively to tenants	
			Total landlord-obtained fuels	
			Proportion of landlord obtained fuels from renewable sources	
		Total Energy	Total landlord-obtained energy²	
			Proportion of total landlord obtained energy from renewable sources	
Greenhouse gas (GHG) emissions				
GHG-Dir-Abs	Tonnes CO₂e	Direct	Scope 1	
GHG-Indir-Abs		Indirect	Scope 2	
			Scope 3	
		Total	Scope 1, Scope 2, Scope 3	
Water				
Water-Abs, Water-LfL	m³	Water	Water passed on to tenants	
			(Sub)metered exclusively to tenants	
			Total landlord-obtained water	
Specific				
Energy-Int	kWh/m²	Energy Intensity	Landlord-obtained energy³	
Water-Int	m³/m²	Water Intensity	Landlord-obtained water	
GHG-Int	kg/m²	GHG Intensity	Scope 1, Scope 2	
Certified buildings				
Cert-Tot	7 buildings or 8.2% of lettable space as a percentage of the reported portfolio are certified (LEED and Swiss “Minergie” standard)			

1 Emissions are calculated using market-based emissions-factors.

2 These figures are not adjusted for heating degree days. Adjusted for heating degree days, absolute energy use for 2020 and 2021 is 78 523 113 kWh and 87 968 648 kWh respectively. Adjusted for heating degree days, like-for-like energy use for 2020 and 2021 is 76 403 360 kWh and 81 136 58 kWh respectively.

3 These figures are not adjusted for heating degree days. Adjusted for heating degree days, energy intensity for 2020 and 2021 is 85.998 kWh/m² and 93.886 kWh/m² respectively.

EPRA Sustainability performance measures – Social

Employees ☒

The following table contains the key performance measures for 2020 and 2021 that relate to social aspects. The performance measures are marked with the respective EPRA code. The caretakers work on a property-related basis and are managed by the management unit of PSP Management Ltd. Ernst & Young Ltd provided limited assurance on the information marked with ☒ for 2021.

				Performance measure	
EPRA code	Unit	Indicator	Scope	2020	2021
Diversity					
Diversity-Emp	% of employees	Gender diversity	Board of Directors	88% ♂ / 12% ♀	86% ♂ / 14% ♀
			Executive Board	100% ♂ / 0% ♀	100% ♂ / 0% ♀
			Senior Management ¹	100% ♂ / 0% ♀	100% ♂ / 0% ♀
			Middle Management ²	54% ♂ / 46% ♀	53% ♂ / 47% ♀
			Employees without rank ³	19% ♂ / 81% ♀	20% ♂ / 80% ♀
			Caretakers	91% ♂ / 9% ♀	95% ♂ / 5% ♀
Diversity-Pay	Female to male ratio	Gender pay gap ⁴	Board of Directors ⁵	1	1
			Middle Management	0.93	0.94
			Employees without rank	1.06	1.05
Development, Training and Turnover					
Emp-Training	Average hours per year and employee	Training and development ⁶		28.4h	26.9h
Emp-Dev	% of total workforce	Performance appraisals		97%	90%
Emp-Turnover	Total number	New hires	Direct employees	9	10
		Leavers		10	8
		Number of employees at year end		118	120
	Rate in %	New hire rate		7.6%	8.3%
		Turnover		8.5%	6.7%
Health & safety					
H&S-Emp	Number of injuries per 200 000 hours worked	Injury rate	Direct employees	0.99	0
	Number of lost days per 200 000 hours worked	Lost day rate		101.8 ⁷	0
	% of average hours worked	Absentee rate ⁸		2.4%	1.8%
	Total number	Fatalities		0	0

1 We classify employees with the rank "Direktion" as Senior Management.

2 We classify employees with the rank "Kader" as Middle Management.

3 Direct employees excluding caretakers.

4 We do not report pay gap for the Executive Board as there are no female members of the Executive Board and we do not consider the corresponding performance measure to be meaningful. Compensation of our Executive Board is disclosed in the compensation report. We do not report pay gap for Senior Management as there are currently no women in Senior Management. We do not report pay gap for caretakers because the cumulated FTE of female caretakers is too small to generate a meaningful performance measure.

5 Excl. Chairman of the Board, excluding expenses for travel and time compensation for international members of the board.

6 Incl. internal and external education and development.

7 Lost days are due to a single occupational accident.

8 Absentee rate excludes long-term absences of more than 12 weeks. Absentee rate including long-term absences was 2.8% for 2020 and 2.1% for 2021.

Assets

EPRA code	Unit	Indicator	Scope	Performance measure	
				2020	2021
Health & Safety					
H&S-Asset	% of assets	H&S impact assessments ⁹	Assets under operational control	100%	100%
H&S-Comp	Total number	Number of incidents	Incidents of non-compliance scope: assets and assessments identified under H&S-Assets	0	0
Community					
Comty-Eng	% of assets	% of assets with community engagement initiatives ¹⁰		N/A	N/A

⁹ Quality management is implemented on our processes and in all our properties and sites. Health and safety checks are carried out in particular at our development projects. We strictly follow the standard requirements by the federal government, SUVA (Swiss National Accident Insurance Fund), SIA (Swiss Society of Engineers and Architects) and our internal regulations.

¹⁰ This Performance measure is not reported because we have not yet identified a good basis of measurement by which this can be expressed as a clear percentage. The topic is commented on page 185–186.

EPRA sustainability performance measures – Governance

The following table contains the governance related key performance measures for 2020 and 2021. The key performance measures are marked with the respective EPRA code.

EPRA code	Unit	Indicator	Scope	Performance measure	
				2020	2021
Board composition					
Gov-Board	Total number	Executive members	Board of Directors	0	0
		Non-executive members		8	7
		Independent members		7	7
		Independent and non-executive members with competencies relating to environmental and social topics ¹		5	5
	Years	Average tenure of Board members		9.5	9.9
Nomination and selection					
Gov-Select	Narrative	Description of the nomination and selection process	Board of Directors	See below ²	See below ²
Conflicts of interest					
Gov-Col	Narrative	Processes for managing conflicts of interest	Board of Directors	See below ³	See below ³

1 Please refer to the Corporate Governance section in the annual report 2021 (page 145 ff.), where specific competencies are listed and skills and experiences become apparent from the biographies of Ms. Corinne Denzler, Mr. Peter Forstmoser, Mr. Aviram Wertheim, Mr. Adrian Dudle and Mr. Henrik Saxborn. Mr. Wertheim and Mr. Saxborn for example developed specific competencies and experiences in environmental and social topics pertaining to their functions and proven track records as members of the board and CEOs of renowned and listed real estate companies in their home country market. The same holds true for Ms. Denzler, who looks back on a career in the field of Swiss tourism and CEO of a renowned Swiss hotel group, and who, as managing director of the non-profit foundation Synapsis – Alzheimer Research Switzerland AFS, is concerned with the major health and socio-political challenges of the growing dementia problem. Mr. Adrian Dudle is Co-President of Smiling Gecko, a non-profit NGO that provides sustainable support to vulnerable children and families in rural areas of Cambodia through various initiatives. Mr. Forstmoser has developed and demonstrated relevant competencies over many years, including as former Chairman of Swiss Re, a leading Swiss reinsurance company familiar with sustainability issues, as former Chairman of “The Sustainability Forum” Zurich and as a former member of the Board of the “Center for Corporate Responsibility and Sustainability”, an organisation affiliated with the University of Zurich.

2 In 2018, a Nomination Committee was formed, which assists the Board of Directors in nomination/selection processes as set out in the Corporate Governance section of the annual report 2021 (page 156 f.).

3 PSP Swiss Property is required to publish information on management and control at the highest corporate level of the company in its annual report under a separate Corporate Governance section pursuant to the disclosure obligations stipulated in the Directive Corporate Governance (DCG) of SIX Swiss Exchange (see annual report 2020, page 151 ff. and annual report 2021, page 145 ff. respectively). It includes the relationship between individual bodies of the company (checks and balances) and the disclosure of specific information. Information on potential conflicts of interest is thus set out throughout the entire Corporate Governance reports, namely in respect to cross-board memberships and cross-shareholdings (none, see Section 1.3 and Section 3.1), major shareholders (Section 1.2) and substantial business relationships with the company (none, see Section 3.1), as well as inter alia in the note 32 to the consolidated financial statements in respect to related parties.

Delimitations and explanations on the performance measures

EPRA Reporting

The EPRA sBPR require information on the areas of environmental performance, social performance and governance. We strive to report our performance according to all these performance measures. This is an ongoing process. For figures that were not available at the time of reporting, "N/A" (not available) applies.

We take the liberty of expanding the table of performance measures to include additional data that does not comply with the EPRA standard. All key figures reported according to sBPR are marked with the corresponding EPRA code.

Delimitations

Organisational boundaries

The organisational boundary for property reporting is defined by the full operational control over individual properties. Consequently, properties under joint ownership and properties where a single tenant exercises sole operational control are therefore not taken into account. New buildings and renovations are only taken into account if they were operational for the entire reporting year. Properties sold during the reporting period are not included. Properties purchased during the reporting period are only included in the following year.

Time boundaries

Compared to the financial reports, the reporting of the energy and water-related data (EPRA table of environment-related performance measures) is shifted by half a year (in line with the heating and ancillary cost accounts). The current reporting period for these performance measures thus runs from July 1, 2020 to June 30, 2021. The social indicators (EPRA table performance measures) and the governance-related performance measures refer to the same period as the financial reports (January 1, 2021 to December 31, 2021).

Boundaries tenant/landlord

We always procure the heating energy ourselves and charge it to the tenants via the heating bill. Consequently, heating energy is factored into our calculations. The same applies to electricity for common areas (access) as well as ventilation and air-conditioning, where ventilated or air-conditioned spaces are leased. Electricity consumed by tenants on their premises is settled directly between the tenants and the utilities via a separate meter and is not included in our calculations.

Own-used properties

We are tenants in our own properties in Zurich, Geneva, Olten and Zug. Heating energy and general electricity as well as the water consumption of the properties concerned are recorded as well.

Degree of coverage

Within the defined organisational boundaries, we cover all properties in operation.

Reporting segments

Our real estate portfolio consists mainly of office space. Several properties have mixed use, i.e. in addition to offices, there is also retail space (mostly on the ground floor) and, in some cases, apartments. We also own hotels and thermal baths/spas. However, independent non-office uses make up an insignificant part of the total lease area (< 2%). Therefore, we do not define or disclose specific segments for these areas.

Investment properties taken into account for different performance measures

Absolute values (Abs)

In 2021, we analysed 151 investment properties with 936 977 m² of lettable space (2020: 155 investment properties with 913 078 m² of lettable space). On 30 June 2021, the portfolio comprised 159 investment properties.

The difference to the 151 investment properties included in the Sustainability Report is explained as follows: PSP Swiss Property does not exercise operational control over properties rented by a single tenant or in a joint ownership. This applies to the following properties: Via Respini 7/9, Locarno; Port Noir Hammam & Bain Genève Plage, Coligny; Bahnhofstrasse 66, Brandschenkestrasse 70 and 72 as well as Mühlebachstrasse 6 (all in Zurich); Seilerstrasse 8a, Bern. The property Rue de Sébeillon 2 in Lausanne consists of parking spaces only, and thus has no energy consumption. The investment property at Rue de la Confédération 2 in Geneva was not purchased until the end of September 2020 and is only taken into account when complete data for an entire reporting period is available. The property at Hardturmstrasse 181, 183, 185 in Zurich (ATMOS) has been in the investment portfolio since the beginning of 2021, but is still in the process of tenant fit-out. The property at Konradstrasse 1 was split off from Zollstrasse 6 (in the development portfolio). However, as it is also affected by refurbishment work, it will not be included again until the next reporting year.

These 10 mentioned properties were therefore not included in the Sustainability Report. On the other hand, the following 2 properties intended for sale or reclassified as development properties were taken into account: Sihlramtstrasse 5 in Zurich and Rue du Grand-Pré 54–58 in Geneva.

The properties sold in the reporting period, See-strasse 40/42 in Kilchberg, Gurzelngasse 6 in Solothurn and Zurlindenstrasse 134 in Zurich, were not taken into account for the key figures in the reporting year 2021.

New buildings and renovations completed during the reporting period will be included in the analysis in the following year. However, properties where renovation work was carried out during operation were taken into account.

“Like-for-like” values (LfL)

The “like-for-like” portfolio comprises only those properties which were under operational control and classified as investment properties both in the reporting year and in the previous year. The “like-for-like” portfolio for this reporting year comprises 147 properties.

Specific figures (intensities)

The reference value for the specific consumption figures (kWh energy/m², m³ water/m² and kg CO₂e/m²) is the lettable floor space in line with the values published in the Annual Report for the mentioned 151 properties.

Explanations on the data basis

Estimates

Of the energy we procure, 7.8% of total was estimated in 2021 (8.4% in 2020). For properties for which the final settlements are not yet available at the closing date, we use the previous year's figures. For example, prior-year values were used for the so-called Rothschild portfolio (9 properties). Some larger properties are rented by major tenants who receive their invoices directly from the providers. Since we offer air-conditioned offices at these premises (which is part of the basic configuration) and because multi-tenant leases would be possible, we estimate consumption at these properties (for which we do not receive a statement from the tenant) on the basis of figures for comparable properties.

Oil and gas

The conversion from volume or mass units to energy is carried out in line with the conversion factors according to SIA 380/1:2016 and refer to the upper heating value HO.

Waste

In Switzerland, disposal of waste as well as the payment of the waste charges, based on the polluter-pays principle, are the responsibility of the tenants. We have no data on tenants' waste production and therefore do not disclose these performance measures.

CO₂e emissions Scope 1 and 2

We calculate our energy and CO₂ data with the help of Myclimate's Smart3 data management system and CO₂ factors provided by Myclimate and an external partner. Market-based emission factors are applied for both electricity and district heating, based on the electricity and district heating mix that exists for the respective property according to the contract and information provided by the suppliers. Waste incineration is only classified as 50% "renewable" and is not considered climate neutral in the calculations.

CO₂e emissions Scope 3

Business travel: We also calculate the CO₂e emissions from our business travel (air, car, train). Emissions from business travel in 2021 amounted to 19.0 tonnes CO₂e (2019: 69.5 tonnes). The significant reduction is due to the fact that no business flights were made in the reporting period (1 July 2020–30 June 2021) because of the pandemic.

Correction/reporting of environmental indicators

In the year under review, we took various measures that required the previous year's figures to be corrected or restated to ensure comparability:

Corrections of previous year's figures: Due to a closer analysis, errors in the measurement, in the transmission or in the delimitation of the data were discovered for some previous year's values. This affects 26 values. These were corrected. The corrections led to the following deviations between the previous year's values in the last annual report and the newly presented previous year's values: oil & gas: 0.7% higher; electricity: 6.9% higher; district heating: 1.8% higher; water: 1.9% lower; CO₂e emissions Scope 1: 0.8% higher; CO₂e emissions Scope 2: 1.9% higher; CO₂e emissions Total (Scope 1, Scope 2, Scope 3): 1% higher.



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To the management of
PSP Swiss Property AG, Zug

Zurich, 21 February 2022

Independent assurance report

We have been engaged to perform a limited assurance engagement on the information marked with a "☑" in the PSP Swiss Property AG Annual Report in the chapter "Sustainability Report" for the reporting period from 1 January 2021 to 31 December 2021:

- ▶ Table on energy and emissions performance measures on pages 214-215 of the Sustainability Report
- ▶ Social performance measures related to employees on page 216 of the Sustainability Report

Our assurance engagement was limited to the KPIs listed above. We have not assessed the following KPIs or information disclosed in the report:

- ▶ Information other than the sustainability KPIs indicated above
- ▶ KPIs of prior reporting periods
- ▶ Qualitative statements



Responsibility of PSP Swiss Property AG's management

The management of PSP Swiss Property AG is responsible for the preparation of the disclosed KPIs marked with a "☑" in the chapter "Sustainability Report" in the Annual Report in accordance with the applicable criteria.

This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of KPIs that are free from material misstatement, whether due to fraud or error.



Applicable criteria

PSP Swiss Property AG defined as applicable criteria (hereafter "applicable criteria"):

- ▶ EPRA Sustainability Best Practices Recommendations Guidelines for the environmental performance measures and for the social performance measures

Summaries of these guidelines are presented on the EPRA website (online at <https://www.epra.com/sustainability/sustainabilityreporting/guidelines>). We believe that these criteria are a suitable basis for our limited assurance engagement.

The quantification of greenhouse gases (GHG) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.



Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

(Translation of the original report in German language)



Our responsibility

Our responsibility is to express an opinion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised)*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs marked with a „☑“ in the report are free from material misstatement, whether due to fraud or error.

Based on risk and materiality consideration we have undertaken procedures to obtain sufficient appropriate evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of risks of material misstatements in above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.



Summary of work performed

Our limited assurance procedures included, amongst others, the following work:

- ▶ Assessment of the suitability of the underlying criteria and their consistent application
- ▶ Inquiries of company's representatives at selected locations responsible for collecting, consolidating and calculating the KPIs marked with a „☑“ in the report in order to assess the process of preparing the data, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement
- ▶ Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data and testing such documentation on a sample basis
- ▶ Testing, inquiries and inspection of documents on a sample basis with respect to the compilation and reporting of quantitative data
- ▶ Analytical review of the report regarding plausibility and consistency with the information marked with a „☑“ in the report

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.



Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the KPIs marked with a „☑“ in the report are not prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Tobias Meyer
Partner

Mark Veser
Director

(Translation of the original report in German language)



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Key financial figures by area

(in CHF 1 000)	Number of properties	Rental income	Operating expenses	Maintenance and renovation	Net rental income	in % of total	Potential rent ¹	in % of total
Zurich								
2021	77	170 993	10 136	9 782	151 075	56.5%	182 391	57.5%
2020	76	163 686	9 591	10 837	143 257	55.7%	171 779	55.3%
Geneva								
2021	19	40 149	4 694	1 199	34 257	12.8%	42 834	13.5%
2020	19	33 455	4 594	460	28 401	11.0%	42 672	13.7%
Basel								
2021	14	28 202	2 717	2 334	23 151	8.7%	30 042	9.5%
2020	15	28 851	2 145	1 655	25 051	9.7%	31 321	10.1%
Bern								
2021	15	19 912	1 384	1 490	17 039	6.4%	19 976	6.3%
2020	16	19 619	2 007	828	16 784	6.5%	21 661	7.0%
Lausanne								
2021	16	19 686	2 237	1 378	16 072	6.0%	21 530	6.8%
2020	16	18 985	2 435	1 244	15 306	6.0%	21 499	6.9%
Other locations								
2021	17	19 879	1 512	2 012	16 355	6.1%	20 530	6.5%
2020	18	20 430	1 695	1 121	17 615	6.8%	21 877	7.0%
Sites and development properties								
2021	18	12 652	3 177	31	9 444	3.5%	n.a. ⁸	n.a.
2020	16	12 941	2 099	42	10 800	4.2%	n.a. ⁹	n.a.
Overall total portfolio								
2021	176	311 474	25 856	18 225	267 393	100.0%	317 303	100.0%
2020	176	297 968	24 566	16 188	257 214	100.0%	310 810	100.0%

1 Annualised rental income (market rent for vacant area).

2 According to the external property appraiser (as per reporting date, annualised).

3 Based on the market valuation by the external property appraiser.

4 Annualised rental income divided by average value of properties.

5 Annualised net rental income divided by average value of properties.

6 As per reporting date (market rent for vacant area).

7 Vacancy (CHF) in % of potential rent.

8 Annualised rent of potential rent amounts to TCHF 19 719 in 2021.

9 Annualised rent of potential rent amounts to TCHF 23 971 in 2020.

	Market rent ²	in % of total	Net changes in fair value ³	Value of proper- ties	in % of total	Implied yield gross ⁴	Implied yield net ⁵	Vacancy in CHF ⁶	Vacancy rate (CHF) ^{6,7}	Vacancy in m ²	Vacancy rate (m ²)
	179 412	57.1%	364 642	5 228 962	57.3%	3.4%	3.0%	4 682	2.6%	18 992	3.6%
	165 349	54.2%	103 352	4 411 844	51.4%	3.7%	3.3%	3 650	2.1%	12 780	2.5%
	42 743	13.6%	81 101	1 262 069	13.8%	3.3%	2.8%	1 792	4.2%	3 615	4.5%
	42 842	14.0%	- 11 978	1 176 219	13.7%	3.2%	2.7%	1 460	3.4%	2 422	3.2%
	29 028	9.2%	- 5 080	690 890	7.6%	4.1%	3.3%	1 574	5.2%	5 503	5.2%
	30 057	9.9%	6 759	722 190	8.4%	4.0%	3.5%	1 289	4.1%	4 368	4.1%
	20 095	6.4%	388	480 670	5.3%	4.1%	3.5%	883	4.4%	5 543	6.4%
	22 668	7.4%	- 8 639	515 920	6.0%	3.9%	3.3%	456	2.1%	3 774	3.9%
	23 339	7.4%	13 844	454 720	5.0%	4.4%	3.6%	1 225	5.7%	4 386	5.3%
	23 340	7.6%	2 600	437 237	5.1%	4.4%	3.5%	1 397	6.5%	4 968	6.0%
	19 537	6.2%	- 14 534	392 480	4.3%	4.8%	3.9%	1 820	8.9%	7 461	9.4%
	20 876	6.8%	582	418 588	4.9%	4.9%	4.2%	976	4.5%	4 635	5.5%
	n.a.	n.a.	24 560	617 180	6.8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	n.a.	n.a.	8 901	895 091	10.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	314 153	100.0%	464 920	9 126 971	100.0%	3.6%	3.1%	11 976	3.8%	45 500	4.7%
	305 132	100.0%	101 578	8 577 089	100.0%	3.8%	3.3%	9 227	3.0%	32 947	3.5%

Property details

Area	Land area m ²	Office area m ²	Retail area m ²	Gas- tronomy area m ²	Other area m ²	Total rentable area m ²
Zurich						
Rüschlikon, Moosstr. 2	6 798	5 611	0	0	3 560	9 171
Urdorf, Heinrich Stutz-Str. 23/25	3 788	988	0	0	2 960	3 948
Urdorf, Heinrich Stutz-Str. 27/29	30 671	43 467	0	195	3 148	46 810
Wallisellen, Richtistr. 5	5 197	6 469	0	0	496	6 965
Wallisellen, Richtistr. 7	4 582	8 454	0	0	719	9 173
Wallisellen, Richtistr. 9	4 080	6 003	0	0	0	6 003
Wallisellen, Richtistr. 11	4 988	7 053	0	0	321	7 374
Zürich, Alfred Escher-Str. 17	275	950	0	0	47	997
Zürich, Augustinergasse 25	236	255	0	327	157	739
Zürich, Bahnhofplatz 1 / Bahnhofquai 9, 11, 15	1 442	4 721	1 002	0	662	6 385
Zürich, Bahnhofplatz 9	998	2 451	2 036	0	0	4 487
Zürich, Bahnhofstr. 10 / Börsenstr. 18	344	646	844	0	0	1 490
Zürich, Bahnhofstr. 28a / Waaggasse 6	763	1 888	649	419	262	3 218
Zürich, Bahnhofstr. 39	1 093	1 751	1 740	0	71	3 562
Zürich, Bahnhofstr. 66	627	0	4 868	0	0	4 868
Zürich, Bahnhofstr. 81 / Schweizergasse 2/4	355	714	1 370	0	286	2 370
Zürich, Binzing 15/17	33 878	35 680	0	0	4 660	40 340
Zürich, Bleicherweg 10 / Schanzengraben 7	1 155	3 329	332	0	234	3 895
Zürich, Bleicherweg 14	398	530	0	0	0	530
Zürich, Brandschenkestr. 70 (KH)	298	0	0	0	0	0
Zürich, Brandschenkestr. 72 (KG)	247	0	0	0	0	0
Zürich, Brandschenkestr. 80, 82, 84 (Tertianum)	7 384	0	0	0	13 072	13 072
Zürich, Brandschenkestr. 90 (DL1)	12 770	11 721	0	0	22	11 743
Zürich, Brandschenkestr. 100 (DL2)	5 139	8 627	0	0	1 134	9 761
Zürich, Brandschenkestr. 110 (DL3)	5 860	15 979	0	0	0	15 979
Zürich, Brandschenkestr. 130/132 (Markt)	3 605	1 020	1 043	641	0	2 704
Zürich, Brandschenkestr. 150 (Markt)	5 926	3 583	1 067	0	334	4 984
Zürich, Brandschenkestr. 152 (Sudhaus)	5 194	0	0	3 802	4 759	8 561
Zürich, Brandschenkestr. 152a (DL4)	583	2 448	0	0	0	2 448
Zürich, Brandschenkestr. 152b (Kesselhaus)	818	711	0	0	0	711

1 As per reporting date. Annualised vacancy (CHF) in % of potential rent (market rent for vacant area).

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3 Year of last overall renovation.

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SI = SI 7 Place du Molard Ltd

	Parking spaces	Vacancy rate (CHF) ¹	Implied yield net ²	Year of construction	Year of renovation ³	Purchase date	Owner ⁴	Owner-ship status ⁵	Owner-ship percentage
	122	27.6%	4.9%	1969 89	2010 20	01.06.2002	PR	SO	100.0%
	59	0.5%	5.6%	1967	1989	01.11.2015	PR	SO	100.0%
	209	0.4%	6.0%	1976	2002 03 10 13	01.07.2004	PR	SO	100.0%
	126	26.3%	5.2%	2003	2011	01.04.2003	PR	SO	100.0%
	156	2.4%	7.0%	2003	2011	01.04.2003	PR	SO	100.0%
	105	0.0%	6.7%	2010		13.06.2008	PR	SO	100.0%
	123	16.6%	5.7%	2010		13.06.2008	PR	SO	100.0%
	0	0.0%	3.2%	1907	2000	01.10.1999	PR	SO	100.0%
	1	0.0%	1.5%	1850	1994 2000 04	01.04.2004	PP	SO	100.0%
	0	0.4%	2.4%	1894 99	1990 2021	01.01.2017	PP	SO	100.0%
	0	0.0%	2.5%	1933	2003 04 14	01.04.2004	PP	SO	100.0%
	0	0.0%	2.4%	1885	1984 2015	01.10.1999	PR	SO	100.0%
	0	0.0%	2.4%	1812	2005 10 19	01.04.2004	PP	SO	100.0%
	7	0.0%	1.8%	1911	1984 2003 13	01.01.2000	PR	SO	100.0%
	0	0.0%	2.2%	1967	1995 2014	01.07.2005	PP	SO	100.0%
	0	14.6%	1.8%	1931	2001 21	01.04.2004	PP	SO	100.0%
	140	0.0%	5.5%	1992		01.04.2001	PR	SO	100.0%
	17	0.6%	2.5%	1930 76	1985 2006 09 20	01.10.1999	PR	SO	100.0%
	7	0.0%	3.0%	1857	1998 99	01.07.2005	PP	SO	100.0%
	0	n.a.	0.0%	1921	2003	01.04.2004	PP	FA	15.4%
	0	n.a.	0.0%	2003		01.04.2004	PP	FA	10.8%
	56	0.0%	2.5%	2005	2020	01.04.2004	PP	SO	100.0%
	272	0.0%	2.5%	2003	2021	01.04.2004	PP	SO	100.0%
	0	0.0%	2.7%	2003		01.04.2004	PP	SO	100.0%
	0	0.0%	2.9%	2007		01.04.2004	PP	SO	100.0%
	0	0.0%	3.2%	1877 82	2004	01.04.2004	PP	SO	100.0%
	0	0.0%	3.6%	1882	2004	01.04.2004	PP	SO	100.0%
	0	0.0%	1.9%	1913	2012	01.04.2004	PP	SO	100.0%
	0	0.0%	2.8%	2008		01.04.2004	PP	SO	100.0%
	0	0.0%	4.8%	1890	2013	01.04.2004	PP	SO	100.0%

5 BL = Building lease
FA = Freehold apartment
SO = Sole ownership

6 Own-used property.
7 See details on pages 240 to 241.
8 Current development project designed for sale.

Area	Land area m ²	Office area m ²	Retail area m ²	Gas- tronomy area m ²	Other area m ²	Total rentable area m ²
Zurich (continuation)						
Zürich, Dufourstr. 56	900	2 599	292	0	0	2 891
Zürich, Flüelastr. 7	1 296	2 749	433	0	73	3 255
Zürich, Förrlibuckstr. 10	4 122	7 534	0	0	624	8 158
Zürich, Förrlibuckstr. 60/62	10 382	15 737	0	885	7 876	24 498
Zürich, Förrlibuckstr. 66	2 055	5 164	0	0	1 953	7 117
Zürich, Förrlibuckstr. 110	2 963	8 776	350	194	2 139	11 459
Zürich, Förrlibuckstr. 181	1 789	4 813	0	0	144	4 957
Zürich, Freieckgasse 7	295	285	89	210	224	808
Zürich, Genferstr. 23	343	946	0	0	59	1 005
Zürich, Gerbergasse 5	606	1 766	784	0	0	2 550
Zürich, Goethestr. 24	842	613	0	116	91	820
Zürich, Gutenbergstr. 1/9	1 488	7 313	810	0	904	9 027
Zürich, Hardturmstr. 101, 103, 105 / Förrlibuckstr. 30	7 567	18 193	4 941	0	527	23 661
Zürich, Hardturmstr. 131, 133, 135	6 236	16 557	1 530	0	5 367	23 454
Zürich, Hardturmstr. 161 / Förrlibuckstr. 150	8 225	28 871	0	280	4 550	33 701
Zürich, Hardturmstr. 169, 171, 173, 175	5 189	12 749	434	80	5 177	18 440
Zürich, Hardturmstr. 181,183 / Förrlibuckstr. 160,190,192	10 557	23 257	0	781	193	24 231
Zürich, Hottingerstr. 10–12	1 922	3 402	0	0	602	4 004
Zürich, In Gassen 16	331	0	0	487	618	1 105
Zürich, Konradstr. 1	343	265	0	190	1 163	1 618
Zürich, Kurvenstr. 17 / Beckenhofstr. 26	657	1 537	0	0	202	1 739
Zürich, Limmatquai 4	529	2 370	159	222	114	2 865
Zürich, Limmatquai 144 / Zähringerstr. 51	429	1 471	0	243	367	2 081
Zürich, Limmatstr. 250–254, 264, 266 ("Red")	4 705	7 844	0	283	675	8 802
Zürich, Limmatstr. 291	973	2 866	0	0	154	3 020
Zürich, Lintheschergasse 23	135	359	0	80	171	610
Zürich, Löwenstr. 16	206	484	153	0	179	816
Zürich, Löwenstr. 22	250	643	198	0	115	956

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2 Annualised net rental income divided by average value of properties.

3 Year of last overall renovation.

4 PR = PSP Real Estate Ltd

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IS = Immobiliengesellschaft Septima AG

SI = SI 7 Place du Molard Ltd

	Parking spaces	Vacancy rate (CHF) ¹	Implied yield net ²	Year of construction	Year of renovation ³	Purchase date	Owner ⁴	Owner-ship status ⁵	Owner-ship percentage
	12	0.0%	3.0%	1950	1997 2006 20	01.10.1999	PR	SO	100.0%
	65	23.3%	4.1%	1982	2007	01.10.1999	PR	SO	100.0%
	85	5.4%	3.9%	1963	2002 20 21	29.06.2001	PR	SO	100.0%
	306	1.7%	4.6%	1989	2016 17 21	01.04.2001	PR	SO	100.0%
	78	1.3%	4.8%	1969	1992 2003 04	01.12.2002	PR	SO	100.0%
	63	24.3%	3.3%	1962	2000	01.12.2002	PR	SO	100.0%
	39	0.1%	3.7%	2002	2021	01.12.2002	PR	SO	100.0%
	0	0.0%	2.5%	1700	1992 2012	01.04.2004	PP	SO	100.0%
	0	0.0%	3.1%	1895	1998 2014	01.10.1999	PR	SO	100.0%
	2	0.0%	2.8%	1904	1993 2010 12 18	27.05.2004	PP	SO	100.0%
	0	0.0%	2.4%	1874	2014	01.04.2004	PP	SO	100.0%
	15	0.1%	3.9%	1969	1986 2008 21	31.12.2004	PR	SO	100.0%
	236	3.1%	3.7%	1992	2009 13	01.08.2016	PR	SO	100.0%
	41	0.5%	4.6%	1982	2008 16	01.12.2002	PR	SO	100.0%
	66	7.6%	3.4%	1975	1999 2019	01.12.2002	PR	SO	100.0%
	44	9.0%	2.8%	1952	1997 2006 18 21	01.12.2002	PR	SO	100.0%
	197	0.0%	3.2%	2021		01.12.2002	PR	SO	100.0%
	18	6.7%	3.3%	1914 40	1994 2018	01.04.2001	PR	SO	100.0%
	0	0.0%	2.6%	1812	1984 2007	01.04.2004	PP	SO	100.0%
	0	5.4%	1.0%	1879	1990	01.04.2004	PP	SO	100.0%
	35	0.4%	3.6%	1971	1999 2006 07 12	01.10.1999	PR	SO	100.0%
	0	0.0%	2.7%	1837	2000	01.01.2000	PR	SO	100.0%
	0	0.0%	3.1%	1888	1994	01.04.2004	PP	SO	100.0%
	34	1.3%	3.1%	2013		01.10.2010	PP	SO	100.0%
	7	7.3%	4.3%	1985	2016	01.04.2001	PR	SO	100.0%
	0	0.0%	2.8%	1879	2001	01.04.2004	PP	SO	100.0%
	1	0.0%	2.6%	2015		01.04.2004	PP	SO	100.0%
	4	1.2%	2.8%	1964	2003 07 11	31.12.2000	PR	SO	100.0%

5 BL = Building lease

FA = Freehold apartment

SO = Sole ownership

6 Own-used property.

7 See details on pages 240 to 241.

8 Current development project designed for sale.

Area	Land area m ²	Office area m ²	Retail area m ²	Gas- tronomy area m ²	Other area m ²	Total rentable area m ²
Zürich (continuation)						
Zürich, Mühlebachstr. 6	622	616	0	0	0	616
Zürich, Mühlebachstr. 32	536	2 079	0	0	55	2 134
Zürich, Obstgartenstr. 7	842	1 882	0	0	0	1 882
Zürich, Poststr. 3	390	811	854	0	34	1 699
Zürich, Seebahnstr. 89	2 455	2 999	739	0	1 325	5 063
Zürich, Seefeldstr. 5	498	604	0	306	289	1 199
Zürich, Seefeldstr. 123	2 580	6 586	1 562	0	138	8 286
Zürich, Seestr. 353 ⁶	3 593	7 473	0	0	224	7 697
Zürich, Splügenstr. 6	430	1 072	0	0	31	1 103
Zürich, Stampfenbachstr. 48 / Sumatrastr. 11	1 589	4 418	222	0	389	5 029
Zürich, Stauffacherstr. 31	400	534	0	204	863	1 601
Zürich, Theaterstr. 12	1 506	2 233	4 323	0	40	6 596
Zürich, Theaterstr. 22	324	459	0	283	237	979
Zürich, Uraniastr. 9	989	3 485	313	909	664	5 371
Zürich, Walchestr. 11, 15 / Neumühlequai 26, 28	1 074	2 950	676	103	358	4 087
Zürich, Waisenhausstr. 2/4, Bahnhofquai 7	1 365	0	0	7 399	0	7 399
Zürich, Wasserwerkstr. 10, 12 / Stampfenbachstr. 109	1 760	6 481	0	0	1 455	7 936
Zürich, Zollstr. 6	343	0	385	0	1 075	1 460
Zürich, Zweierstr. 129	597	1 753	260	0	834	2 847
Total	246 720	400 647	34 458	18 639	79 176	532 920

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3 Year of last overall renovation.

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	Parking spaces	Vacancy rate (CHF) ¹	Implied yield net ²	Year of construction	Year of renovation ³	Purchase date	Owner ⁴	Owner-ship status ⁵	Owner-ship percentage
	7	0.0%	3.2%	1975	1993	01.10.1999	PR	FA	29.8%
	21	0.0%	2.8%	1981	1999 2007	01.10.1999	PR	SO	100.0%
	16	0.0%	3.6%	1958	1981 2002	01.10.1999	PR	SO	100.0%
	0	0.0%	2.6%	1893	1999	01.10.1999	PR	SO	100.0%
	76	0.7%	3.5%	1959	2003 08 18	01.04.2001	PR	SO	100.0%
	0	19.1%	1.7%	1840	2000	01.04.2004	PP	SO	100.0%
	85	0.4%	2.7%	1972	2004 17	01.10.1999	PR	SO	100.0%
	125	1.1%	5.4%	1981 2001	2010	01.04.2010	PR	SO	100.0%
	8	0.0%	3.4%	1896	1998 2011	01.10.1999	PR	SO	100.0%
	35	0.5%	3.5%	1929	1999 2001 07	01.10.1999	PR	SO	100.0%
	2	0.0%	2.9%	1896	2000	01.04.2004	PP	SO	100.0%
	3	0.0%	2.4%	1973	1993 2004 07	01.10.1999	PR	SO	100.0%
	0	0.0%	2.3%	2013		01.04.2004	PP	SO	100.0%
	2	0.0%	1.8%	1906	1992 2002 21	01.04.2004	PP	SO	100.0%
	6	0.1%	3.5%	1919	2000 08 09	01.10.1999	PR	SO	100.0%
	0	0.0%	0.8%	1913	1985 2021	01.04.2004	PP	SO	100.0%
	125	2.1%	3.5%	1981	2006 16 18	01.04.2004	PP	SO	100.0%
	0	7.9%	0.6%	1982	2018 21	01.01.2004	PP	SO	100.0%
	7	6.0%	3.7%	1958	2003	01.10.1999	PR	SO	100.0%
	3 266	2.6%	3.0%						

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FA = Freehold apartment
SO = Sole ownership

6 Own-used property.
7 See details on pages 240 to 241.
8 Current development project designed for sale.

Area	Land area m ²	Office area m ²	Retail area m ²	Gas-tronomy area m ²	Other area m ²	Total rentable area m ²
Geneva						
Carouge GE, Route des Acacias 50/52	4 666	9 557	0	0	31	9 588
Carouge GE, Rue de la Gabelle 6	990	1 016	0	0	0	1 016
Cologny, Port Noir Hammam & Bain Genève Plage	0	0	0	0	2 829	2 829
Genève, Cours de Rive 13, 15 / Helv. 25	882	4 511	1 182	0	47	5 740
Genève, Place du Molard 7	593	2 112	0	821	418	3 351
Genève, Rue de Hollande 14 / Rue de Hesse 16bis	314	1 601	0	0	0	1 601
Genève, Rue de l'Arquebuse 8	347	2 160	0	0	0	2 160
Genève, Rue de la Confédération 2	8 650	7 210	897	0	0	8 107
Genève, Rue de la Corratierie 24/26	1 005	1 579	614	0	185	2 378
Genève, Rue de la Fontaine 5	226	945	240	0	77	1 262
Genève, Rue des Bains 31bis, 33, 35	3 368	10 448	890	0	702	12 040
Genève, Rue du Marché 40	798	0	1 129	4 416	27	5 572
Genève, Rue du Prince 9/11	578	2 863	800	0	484	4 147
Genève, Rue du XXXI-Décembre 8	1 062	2 258	366	131	1 012	3 767
Genève, Rue F. Bonivard 12 / Rue des Alpes 11	392	2 048	269	0	46	2 363
Genève, Rue François-Diday 8	632	2 438	0	0	0	2 438
Genève, Rue Jean-Petitot 12	354	1 343	0	0	0	1 343
Genève, Rue Jean-Petitot 15 / Rue Firmin-Abauzit 2	294	1 412	0	0	0	1 412
Genève, Rue Richard-Wagner 6	6 634	9 976	0	0	0	9 976
Total	31 785	63 477	6 387	5 368	5 858	81 090
Basel						
Basel, Barfüsserplatz 10	3 655	344	0	533	314	1 191
Basel, Dornacherstr. 210	4 994	9 631	2 770	0	2 123	14 524
Basel, Falknerstr. 31 / Weisse Gasse 16	320	133	0	345	724	1 202
Basel, Greifengasse 21	416	199	878	0	843	1 920
Basel, Grosspeterstr. 24	3 657	11 289	0	0	53	11 342
Basel, Grosspeterstr. 44 (Grosspeter Tower)	2 801	11 426	0	5 493	1 091	18 010
Basel, Hochstr. 16 / Pfeffingerstr. 5	7 018	15 393	0	0	0	15 393
Basel, Kirschgartenstr. 12/14	1 376	5 004	787	143	465	6 399
Basel, Marktgasse 4	272	374	367	0	327	1 068
Basel, Marktgasse 5	330	959	296	0	239	1 494
Basel, Marktplatz 30/30A	560	2 064	0	430	298	2 792
Basel, Peter Merian-Str. 88/90	3 900	11 749	0	0	490	12 239
Basel, St. Alban-Anlage 46	1 197	3 188	0	245	342	3 775
Basel, Steinentorberg 8/12	2 845	6 958	0	0	7 757	14 715
Total	33 341	78 711	5 098	7 189	15 066	106 064

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SI = SI 7 Place du Molard Ltd

	Parking spaces	Vacancy rate (CHF) ¹	Implied yield net ²	Year of construction	Year of renovation ³	Purchase date	Owner ⁴	Owner-ship status ⁵	Owner-ship percentage
	181	0.0%	3.9%	1965	2006 10 13	31.12.2000	PR	SO	100.0%
	5	0.0%	4.0%	1987		01.01.2000	PR	SO	100.0%
	0	0.0%	5.0%	2015		07.05.2013	PR	BL	100.0%
	64	4.5%	3.0%	1981		01.10.1999	PR	SO	100.0%
	0	6.7%	1.6%	1975	2005 06	01.04.2004	SI	SO	100.0%
	0	0.0%	3.0%	1900	2011 15	01.02.2018	PR	SO	100.0%
	10	0.0%	3.2%	1900	2011 14	01.02.2018	PR	SO	100.0%
	0	0.0%	2.5%	1935	1991	22.09.2020	PR	SO	100.0%
	10	0.6%	2.4%	1825	1996 2016	01.10.1999	PR	SO	100.0%
	0	0.0%	2.1%	1920	2000 01 20	01.10.1999	PR	SO	100.0%
	255	15.5%	3.3%	1994	2016	01.07.2002	PR	SO	100.0%
	0	0.0%	2.7%	1972	2006 20	01.07.2002	PR	SO	100.0%
	4	22.4%	1.5%	1966	2000 01 06	01.01.2000	PR	SO	100.0%
	0	7.1%	3.1%	1962	1992 2001 11	01.10.1999	PR	SO	100.0%
	0	0.0%	3.4%	1852	1995 2013 14	01.10.1999	PR	SO	100.0%
	0	0.0%	2.5%	1924	2012 17	01.02.2018	PR	SO	100.0%
	0	0.0%	2.9%	1800	2014	01.02.2018	PR	SO	100.0%
	0	0.0%	2.7%	1870	2011 12	01.02.2018	PR	SO	100.0%
	69	0.0%	3.1%	1986		01.07.2004	PR	SO	100.0%
	598	4.2%	2.8%						
	0	0.0%	2.3%	1914	1997 2006 11	01.04.2004	PP	SO	100.0%
	4	14.0%	3.5%	1969	1998 2004 06 15	31.12.2000	PR	SO	100.0%
	0	5.3%	2.3%	1902	1998 2005 08 12	01.04.2004	PP	SO	100.0%
	0	2.0%	3.2%	1930	1984 98 2015 19	01.04.2004	PP	SO	100.0%
	0	0.0%	6.8%	1988	2021	01.12.2005	PR	SO	100.0%
	152	10.9%	2.2%	2017		01.12.2005	PR	SO	100.0%
	227	0.0%	5.5%	1986	2000	01.01.2001	PR	SO	100.0%
	90	0.0%	2.0%	1978	2003 05 10	01.01.2000	PR	SO	100.0%
	0	0.0%	3.4%	1910	2002 08	01.04.2004	PP	SO	100.0%
	0	0.3%	2.4%	1924	1975 2002 05 20	01.10.1999	PR	SO	100.0%
	0	0.0%	2.7%	1936	2001 06	01.04.2004	PP	SO	100.0%
	108	10.0%	3.1%	2000		01.09.2014	PR	FA	100.0%
	52	10.8%	3.0%	1968	2000 11	01.10.1999	PR	SO	100.0%
	68	1.8%	3.9%	1991	2020	01.12.2001	PR	SO	100.0%
	701	5.2%	3.3%						

5 BL = Building lease
FA = Freehold apartment
SO = Sole ownership

6 Own-used property.
7 See details on pages 240 to 241.
8 Current development project designed for sale.

Area	Land area m ²	Office area m ²	Retail area m ²	Gas- tronomy area m ²	Other area m ²	Total rentable area m ²
Bern						
Bern, Bollwerk 15	403	1 215	435	119	161	1 930
Bern, Eigerstr. 2	3 342	4 356	240	0	94	4 690
Bern, Genfergasse 4	325	952	0	544	291	1 787
Bern, Haslerstr. 30 / Effingerstr. 47	2 585	6 180	0	0	794	6 974
Bern, Kramgasse 49	235	50	173	270	322	815
Bern, Kramgasse 78	241	178	510	0	351	1 039
Bern, Laupenstr. 10	969	1 835	571	0	233	2 639
Bern, Laupenstr. 18/18a	5 436	7 825	870	0	789	9 484
Bern, Seilerstr. 8/8a	1 049	5 841	561	0	2 663	9 065
Bern, Waisenhausplatz 14	826	1 224	1 849	0	354	3 427
Liebefeld, Waldegstr. 30	5 532	14 790	0	0	1 033	15 823
Liebefeld, Waldegstr. 37	5 335	11 068	0	0	824	11 892
Liebefeld, Waldegstr. 38	11 975	3 083	0	0	717	3 800
Liebefeld, Waldegstr. 41, 45, 47	7 044	3 398	0	182	720	4 300
Wabern bei Bern, Gurtenbrauerei 10-92	61 342	2 781	749	0	5 457	8 987
Total	106 639	64 776	5 958	1 115	14 803	86 652
Lausanne						
Lausanne, Av. Agassiz 2	757	1 394	0	0	0	1 394
Lausanne, Av. de Cour 135	1 800	2 259	0	262	388	2 909
Lausanne, Av. de Sévelin 40	3 060	1 622	0	0	4 939	6 561
Lausanne, Av. de Sévelin 46	3 320	10 186	0	361	4 717	15 264
Lausanne, Av. de Sévelin 54	1 288	544	0	0	2 466	3 010
Lausanne, Ch. de Bossons 2	1 930	2 135	0	0	0	2 135
Lausanne, Ch. du Rionzi 52, Depot	0	3 407	0	0	5 662	9 069
Lausanne, Grand Pont 1	371	0	1 069	0	0	1 069
Lausanne, Place Saint-François 5	1 070	2 789	2 173	0	889	5 851
Lausanne, Place Saint-François 15	5 337	9 011	1 430	0	36	10 477
Lausanne, Rue Centrale 15	486	1 299	543	0	468	2 310
Lausanne, Rue de Sébeillon 1, 3, 5	2 870	7 807	329	0	4 117	12 253
Lausanne, Rue de Sébeillon 2	5 955	0	0	0	0	0
Lausanne, Rue du Grand-Chêne 2	555	1 770	1 338	0	0	3 108
Lausanne, Rue du Pont 22	465	1 331	330	295	400	2 356
Lausanne, Rue Saint-Martin 7	2 087	3 370	1 458	0	94	4 922
Total	31 351	48 924	8 670	918	24 176	82 688

1 As per reporting date. Annualised vacancy (CHF) in % of potential rent (market rent for vacant area).

2 Annualised net rental income divided by average value of properties.

3 Year of last overall renovation.

4 PR = PSP Real Estate Ltd

PP = PSP Properties Ltd

IS = Immobiliengesellschaft Septima AG

SI = SI 7 Place du Molard Ltd

	Parking spaces	Vacancy rate (CHF) ¹	Implied yield net ²	Year of construction	Year of renovation ³	Purchase date	Owner ⁴	Owner-ship status ⁵	Owner-ship percentage
	0	0.0%	3.3%	1924	2002	01.10.1999	PR	SO	100.0%
	115	0.0%	3.5%	1964	1999 2005 11	01.10.1999	PR	SO	100.0%
	0	0.0%	2.9%	1899	1984 2005 06	01.04.2004	IS	SO	100.0%
	6	38.6%	2.1%	1964 76	2006 09 18 21	01.12.2005	PR	SO	100.0%
	0	0.0%	3.0%	1900	2011 13 20	01.04.2004	IS	SO	100.0%
	0	0.0%	3.1%	vor 1900	1991 92	01.07.2005	PP	SO	100.0%
	0	0.0%	2.7%	1965	1997 2004 11 17	01.07.2004	PR	SO	100.0%
	7	0.0%	3.6%	1935 60	1997 2009 12	01.07.2004	PR	SO	100.0%
	115	8.1%	3.5%	1971	2001	01.10.1999	PR	SO	100.0%
	0	0.0%	2.4%	1950	2001	01.10.1999	PR	SO	100.0%
	140	2.3%	4.0%	2014		01.01.2019	IS	SO	100.0%
	229	2.4%	3.8%	2003		01.01.2019	IS	SO	100.0%
	59	6.6%	5.0%	1918	2016	01.01.2019	IS	SO	100.0%
	84	0.0%	2.7%	1907 12	2008 10 21	01.01.2019	IS	SO	100.0%
	25	6.3%	5.3%	1863 2016	2016	01.04.2004	IS	SO	100.0%
	780	4.4%	3.5%						
	9	0.0%	2.5%	1880	2002 12 15	01.02.2018	PR	SO	100.0%
	23	5.1%	3.9%	1973	2001 04 05	01.10.1999	PR	SO	100.0%
	146	25.0%	4.2%	1992		01.12.2005	PR	SO	100.0%
	10	13.2%	5.3%	1994		01.12.2005	PR	SO	100.0%
	0	0.0%	6.5%	1932	1990 2002	01.12.2005	PR	SO	100.0%
	8	0.0%	6.1%	1971	1998	01.04.2001	PR	SO	100.0%
	63	0.0%	4.6%	1971	1996 2014	01.04.2004	IS	BL	100.0%
	0	0.0%	4.0%	1957	2000	01.07.2005	PP	SO	100.0%
	0	11.9%	1.8%	1913	1989 2004 20 21	01.10.1999	PR	SO	100.0%
	61	0.0%	3.9%	1900	1998 2003 04	01.04.2001	PR	SO	100.0%
	0	0.0%	3.2%	1938	1987 2013	01.01.2000	PR	SO	100.0%
	60	10.0%	4.2%	1963	1998	01.12.2005	PR	SO	100.0%
	221	5.2%	2.4%	n.a.		01.12.2005	PR	SO	100.0%
	0	0.2%	2.8%	1910 11	1985 2001	01.10.1999	PR	SO	100.0%
	0	0.0%	2.1%	1952	2003	01.07.2005	PP	SO	100.0%
	77	0.8%	4.2%	1962 63	1998 2002 19	31.12.2000	PR	SO	100.0%
	678	5.7%	3.6%						

5 BL = Building lease
FA = Freehold apartment
SO = Sole ownership

6 Own-used property.
7 See details on pages 240 to 241.
8 Current development project designed for sale.

Area	Land area m ²	Office area m ²	Retail area m ²	Gas-tronomy area m ²	Other area m ²	Total rentable area m ²
Other locations						
Aarau, Bahnhofstr. 18	496	1 315	671	0	108	2 094
Aarau, Bahnhofstr. 29/33	1 375	1 988	1 629	0	661	4 278
Aarau, Igelweid 1	356	280	104	0	184	568
Biel/Bienne, Aarbergstr. 107	5 352	12 745	555	0	5 040	18 340
Biel/Bienne, Bahnhofplatz 2	4 928	7 486	3 354	0	1 959	12 799
Fribourg, Rue de la Banque 4 / Rte d. Alpes	269	884	474	0	174	1 532
Fribourg, Rue de Morat 11-11A-11B-11C	2 642	1 118	0	0	0	1 118
Interlaken, Bahnhofstr. 23	419	0	353	0	0	353
Lugano, Via Emilio Bossi 9	1 049	1 626	59	0	0	1 685
Lugano, Via Ginevra 2	1 176	2 267	0	0	0	2 267
Lugano, Via Pessina 16	356	565	611	0	270	1 446
Luzern, Maihofstr. 1	930	2 263	328	0	596	3 187
Olten, Baslerstr. 44	657	2 091	307	0	638	3 036
Rheinfelden, Salmencenter / Quellenhaus Baslerstr. 2-16	34 241	4 977	5 765	0	13 020	23 762
Winterthur, Marktgasse 74	351	0	599	0	619	1 218
Winterthur, Untertor 34	146	403	0	92	214	709
Zug, Kolinplatz 2	285	730	119	0	197	1 046
Total	55 028	40 738	14 928	92	23 680	79 438
Sites and development properties⁷						
Basel, Project "Clime"	2 227	n.a.	n.a.	n.a.	n.a.	n.a.
Basel, Project "Freie Strasse"	299	n.a.	n.a.	n.a.	n.a.	n.a.
Bern, Project "Bärenplatz"	649	n.a.	n.a.	n.a.	n.a.	n.a.
Bern, Project "Metropole"	629	n.a.	n.a.	n.a.	n.a.	n.a.
Genève, Project "Hôtel de Banque"	7 900	n.a.	n.a.	n.a.	n.a.	n.a.
Genève, Project "Grand-Pré" ⁸	2 864	n.a.	n.a.	n.a.	n.a.	n.a.
Genève, Project "Mont-Blanc"	258	n.a.	n.a.	n.a.	n.a.	n.a.
Köniz, Project "Spiegel" ⁸	1 608	n.a.	n.a.	n.a.	n.a.	n.a.
Paradiso, "Residenza Parco Lago" ⁸	11 117	n.a.	n.a.	n.a.	n.a.	n.a.
Rheinfelden, "Salmenpark" ⁸	5 513	n.a.	n.a.	n.a.	n.a.	n.a.
Wädenswil, Areal "Wädenswil" ⁸	18 410	n.a.	n.a.	n.a.	n.a.	n.a.
Wallisellen, Project "Richtipark"	5 578	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "Bahnhofplatz"	572	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "B2Binz"	4 152	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "Füsslistrasse"	907	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "Gartenstrasse"	694	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "P-West"	3 495	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "Sihlramstrasse" ⁸	354	n.a.	n.a.	n.a.	n.a.	n.a.
Total	67 226	n.a.	n.a.	n.a.	n.a.	n.a.
Overall total portfolio	572 090	697 273	75 499	33 321	162 759	968 852

1 As per reporting date. Annualised vacancy (CHF) in % of potential rent (market rent for vacant area).

2 Annualised net rental income divided by average value of properties.

3 Year of last overall renovation.

4 PR = PSP Real Estate Ltd

PP = PSP Properties Ltd

IS = Immobiliengesellschaft Septima AG

SI = SI 7 Place du Molard Ltd

	Parking spaces	Vacancy rate (CHF) ¹	Implied yield net ²	Year of construction	Year of renovation ³	Purchase date	Owner ⁴	Owner-ship status ⁵	Owner-ship percentage
	11	21.2%	3.8%	1968	2001 02 06 20	01.01.2000	PR	SO	100.0%
	18	3.8%	3.2%	1971	2004 09 10	01.03.2008	PR	SO	100.0%
	0	2.2%	3.8%	1945	2000	01.07.2005	PP	SO	100.0%
	63	20.0%	4.3%	1994	2018	15.12.2005	PR	SO	100.0%
	80	0.0%	5.0%	1928 62	1986 93 2012	01.08.2006	PR	SO	100.0%
	3	2.8%	4.5%	1970	2001	01.01.2000	PR	SO	100.0%
	21	0.0%	5.6%	1730 1978	2008 15	01.02.2018	PR	SO	100.0%
	0	0.0%	5.9%	1908	2003	01.07.2005	PP	SO	100.0%
	23	0.6%	4.3%	1977	2000 14	01.02.2018	PP	SO	100.0%
	10	0.0%	4.3%	1930 95	2012	01.02.2018	PP	SO	100.0%
	0	2.2%	2.8%	1900	1980 2021	01.07.2005	PP	SO	100.0%
	43	3.2%	3.3%	1989	2010	01.10.1999	PR	SO	100.0%
	22	0.6%	4.3%	1964	1993 95 2009 11	01.01.2000	PR	SO	100.0%
	422	11.5%	3.9%	2016		01.01.2004	PP	SO	100.0%
	0	0.0%	3.0%	1595	2002 03 14 19	01.07.2005	PP	SO	100.0%
	0	61.4%	1.6%	1879	1996 2014	01.04.2004	PP	SO	100.0%
	1	0.0%	3.7%	1491	1925 70 2004 09	01.10.1999	PR	SO	100.0%
	717	8.9%	3.9%						
	n.a.	n.a.	n.a.	n.a.		01.12.2005	PR	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.07.2005	PP	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.01.2019	IS	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.04.2004	IS	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		22.09.2020	PR	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.12.2005	PR	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.10.1999	PR	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.04.2004	IS	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.04.2004	PP	FA	100.0%
	n.a.	n.a.	n.a.	n.a.		01.01.2004	PP	FA	100.0%
	n.a.	n.a.	n.a.	n.a.		01.04.2004	PP	SO FA	100.0%
	n.a.	n.a.	n.a.	n.a.		01.11.2001	PR	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.04.2004	PP	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		25.03.2020	PR	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.04.2001	PR	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.07.2005	PP	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.12.2002	PR	SO	100.0%
	n.a.	n.a.	n.a.	n.a.		01.04.2004	PP	SO	100.0%
	n.a.	n.a.	n.a.						
	6 740	3.8%	3.1%						

5 BL = Building lease
FA = Freehold apartment
SO = Sole ownership

6 Own-used property.
7 See details on pages 240 to 241.
8 Current development project designed for sale.

Additional information development projects

Project "Mont-Blanc" Geneva, Rue du Mont-Blanc 12

Project description	State of project	Completion
Total renovation	Under construction Planned investment sum: approx. CHF 6 million (thereof CHF 4.9 million spent) Letting level: 23%	Beginning of 2022

Project "Bärenplatz" Bern, Bärenplatz 9,11,27

Project description	State of project	Completion
Total renovation Usable floor space approx. 3 300 m ² .	Under construction Planned investment sum: approx. CHF 18 million (thereof CHF 10.4 million spent) Letting level: 70%	Mid of 2022

Project "Freie Strasse" Basel, Freiestrasse 38

Project description	State of project	Completion
Total renovation	Under construction Planned investment sum: approx. CHF 5 million (thereof CHF 0.5 million spent) Letting level: 100%	Mid of 2022

Project "Gartenstrasse" Zurich, Gartenstrasse 32

Project description	State of project	Completion
Total renovation	Under construction Planned investment sum: approx. CHF 7 million (thereof CHF 4.2 million spent) Letting level: n.a.	Mid of 2022

Project "Metropole" Bern, Zeughausgasse 26/28

Project description	State of project	Completion
Total renovation	Under construction Planned investment sum: approx. CHF 20 million (thereof CHF 9.1 million spent) Letting level: 100%	Mid of 2022

Project "Hôtel de Banque" Genève, Rue de la Corraterie 5/7, Rue de la Cité 6

Project description	State of project	Completion
Total renovation	Under construction Planned investment sum: approx. CHF 5 million (thereof CHF 0.2 million spent) Letting level: 100% (78% as of April 2022)	Mid of 2022

Project “Richtipark”
Wallisellen, Richtistrasse 3

Project description	State of project	Completion
Reconception	Under construction Planned investment sum: approx. CHF 3 million (thereof CHF 0.2 million spent) Letting level: n.a.	Mid of 2022

Project “P-West”
Zurich, Förrlibuckstrasse 151 (Parking)

Project description	State of project	Completion
Total renovation	In planning Construction start: Q1 2022 Planned investment sum: approx. CHF 9 million (thereof CHF 1.4 million spent) Letting level: 90%	End of 2022

Project “Clime”
Basel, Grosspeterstrasse 18

Project description	State of project	Completion
Replacement construction Usable floor space approx. 5 600 m².	Under construction Planned investment sum: approx. CHF 37 million (thereof CHF 18.4 million spent) Letting level: 58%	Beginning of 2023

Project “B2Binz”
Zurich, Grubenstrasse 6

Project description	State of project	Completion
Replacement construction Usable floor space approx. 11 300 m².	Under construction Planned investment sum: approx. CHF 35 million (thereof CHF 3.2 million spent) Letting level: n.a.	Mid of 2023

Project “Bahnhofplatz”
Zurich, Bahnhofplatz 2

Project description	State of project	Completion
Total renovation	Under construction Planned investment sum: approx. CHF 19 million (thereof CHF 2.9 Mio. spent) Letting level: n.a.	Mid of 2023

Project “Füsslistrasse”
Zurich, Füsslistrasse 6

Project description	State of project	Completion
Total renovation	In planning Construction start: End of 2022 Planned investment sum: approx. CHF 15 million (thereof CHF 2.4 million spent) Letting level: n.a.	Mid of 2024

The remaining sites and development properties are currently under review or already completed.

Property sales

Location	Land area m ²	Office area m ²	Retail area m ²
Kilchberg, Project "Seestrasse"	3 401	n.a.	n.a.
Locarno, Via Respini 7/9	0	0	0
Zürich, Schaffhauserstr. 611	1 981	2 874	656

Expiry of lease contracts

	Possibility of adjustment to market rent by PSP Swiss Property	Legal termination option by tenant
Contracts not limited in time, but subject to notice	6%	6%
2022	15%	17%
2023	13%	19%
2024	9%	10%
2025	14%	14%
2026	11%	13%
2027	6%	4%
2028	6%	3%
2029	2%	1%
2030	6%	3%
2031	5%	3%
2032+	9%	7%
Total	100%	100%

	Gastronomy area m ²	Other area m ²	Total rentable area m ²	Parking spaces	Purchase date	Selling date
	n.a.	n.a.	n.a.	n.a.	01.10.1999	24.03.2021
	0	4 916	4 916	0	30.01.2012	01.10.2021
	0	79	3 609	60	01.07.2005	01.11.2021

Tenant structure

	31 December 2020	31 December 2021
Swisscom	9%	9%
UBS	4%	4%
Google	4%	4%
Edmond de Rothschild	2%	2%
Bär & Karrer	2%	2%
Next five largest tenants	8%	8%
Other	71%	72%
Total	100%	100%

The rental income is fully recognised by the segment “Real estate investments”.

Five year review

Key financial figures	Unit	Restated 2017	2018	2019	2020	2021
Rental income	CHF 1 000	272 454	279 373	290 460	296 274	309 638
EPRA like-for-like change	%	- 1.1	0.9	1.2	- 0.2	- 0.2
Net changes in fair value of real estate investments	CHF 1 000	83 253	166 692	244 176	101 578	464 920
Income from property sales (inventories)	CHF 1 000	19 614	10 484	12 835	16 115	20 059
Income from property sales (investment properties)	CHF 1 000	627	2 472	14 961	0	9 462
Total other income	CHF 1 000	5 043	8 172	7 957	12 571	4 971
Total operating income	CHF 1 000	380 991	467 193	570 389	426 538	809 050
Total operating expenses	CHF 1 000	- 55 892	- 58 642	- 57 426	- 55 232	- 58 362
Operating profit (ebit)	CHF 1 000	325 729	408 551	512 963	371 306	750 688
Financial results	CHF 1 000	- 24 370	- 21 979	- 19 084	- 13 209	- 11 122
Profit before income taxes	CHF 1 000	301 360	386 572	493 879	358 097	739 566
Income taxes	CHF 1 000	- 43 957	- 78 420	- 40 454	- 66 006	- 144 545
Net income	CHF 1 000	256 890	308 152	453 425	292 091	595 022
Net income excluding gains/losses on real estate investments¹	CHF 1 000	177 738	176 250	215 214	215 795	221 124
Ebitda excluding gains/losses on real estate investments¹	CHF 1 000	242 187	241 743	256 145	271 058	278 756
Ebitda margin	%	81.5	80.8	82.0	83.4	83.0
Interest coverage ratio ²	Factor	10.0	11.0	13.4	20.5	25.1
Cash flow from operating activities	CHF 1 000	173 499	207 660	241 935	209 766	297 495
Cash flow from investing activities	CHF 1 000	- 249 628	- 81 230	- 151 921	- 490 960	- 105 044
Cash flow from financing activities	CHF 1 000	88 434	- 136 735	- 93 464	293 856	- 204 407
Total assets	CHF 1 000	7 384 243	7 619 283	8 036 244	8 665 045	9 182 479
Non-current assets	CHF 1 000	7 138 560	7 418 689	7 925 982	8 482 818	9 053 694
Current assets	CHF 1 000	245 683	200 594	110 263	182 227	128 786
Shareholders' equity	CHF 1 000	3 988 560	4 156 908	4 450 220	4 579 165	5 019 087
Equity ratio	%	54.0	54.6	55.4	52.8	54.7
Return on equity	%	6.6	7.6	10.5	6.5	12.4
Liabilities	CHF 1 000	3 395 683	3 462 376	3 586 025	4 085 880	4 163 393
Non-current liabilities	CHF 1 000	3 337 953	2 778 335	2 944 001	3 572 457	3 886 218
Current liabilities	CHF 1 000	57 730	684 041	642 024	513 422	277 174
Interest-bearing debt	CHF 1 000	2 491 087	2 511 212	2 596 136	3 057 204	3 012 749
Interest-bearing debt in % of total assets	%	33.7	33.0	32.3	35.3	32.8
Interest-bearing debt with fixed interest rates (maturity > 1 year)	%	96.0	76.5	76.9	84.3	92.5
Average interest rate (period)	%	1.16	0.94	0.77	0.53	0.40
Average remaining term to maturity interest-bearing debt	Year	3.6	3.0	4.4	5.0	5.1

Portfolio key figures	Unit	Restated				
		2017	2018	2019	2020	2021
Number of properties	Number	157	163	162	160	158
Carrying value properties	CHF 1 000	6 383 901	6 778 932	7 259 441	7 681 998	8 509 792
Implied yield, gross ³	%	4.2	4.1	4.0	3.8	3.6
Implied yield, net ³	%	3.5	3.5	3.4	3.3	3.1
Vacancy rate (CHF) ³	%	8.2	5.0	3.5	3.0	3.8
Number of sites and development properties	Number	12	11	12	16	18
Carrying value sites and development properties	CHF 1 000	661 892	663 174	722 223	895 091	617 180
Headcount						
Employees	People	86	91	94	96	98
Full-time equivalents	FTE	81	86	89	89	90
Per share figures						
Earnings per share (EPS) ⁴	CHF	5.60	6.72	9.89	6.37	12.97
EPS excluding gains/losses on real estate investments⁴	CHF	3.87	3.84	4.69	4.70	4.82
Distribution per share	CHF	3.40	3.50	3.60	3.65	3.75⁵
Payout-Ratio ⁶	%	87.5	91.1	76.7	77.6	77.8
Cash yield ⁷	%	3.7	3.6	2.7	3.1	3.3
Net asset value per share (NAV)⁸	CHF	86.96	90.63	97.02	99.83	109.42
Premium to NAV ⁹	%	6.2	6.9	37.7	18.5	3.9
NAV per share before deduction of deferred taxes⁸	CHF	104.22	109.20	115.82	119.57	131.84
Premium/(discount) to NAV before deduction of deferred taxes ⁹	CHF	- 11.4	- 11.3	15.3	- 1.1	- 13.8
Share price high	CHF	94.50	99.20	133.60	153.70	127.30
Share price low	CHF	85.75	85.95	98.00	101.00	106.40
Share price end of period	CHF	92.35	96.85	133.60	118.30	113.70
Outstanding shares	Number	45 867 891	45 867 891	45 867 891	45 867 891	45 867 891
Average outstanding shares	Number	45 867 891	45 867 891	45 867 891	45 867 891	45 867 891

1 See definition "Net income excluding gains/losses on real estate investments" on page 87, note 30.

2 Ebitda excluding gains/losses on real estate investments in relation to financial results.

3 For investment properties.

4 Based on average number of outstanding shares.

5 Proposal to the Annual General Meeting on 31 March 2022 for the business year 2021: Dividend payment.

6 Distribution per share in relation to EPS excluding gains/losses on real estate investments.

7 Distribution per share in relation to share price at the end of period.

8 Based on number of outstanding shares.

9 Share price at the end of period in relation to NAV resp. NAV before deduction of deferred taxes.

Contacts and important dates

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Agenda

Annual General Meeting 2022

31 March 2022, without physical presence of shareholders at the registered office of the Company, Kolinplatz 2, 6300 Zug.

Publication Q1 2022

3 May 2022

Publication H1 2022

19 August 2022

Publication Q1 – Q3 2022

8 November 2022

Publication FY 2022

21 February 2023

Annual General Meeting 2023

5 April 2023

Customer care

Front units

Thanks to its broad regional presence, PSP Swiss Property has detailed knowledge of the local real estate markets. The well developed branch network allows efficient management of all properties.

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Masthead

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February 2022

Charts/tables

Due to roundings, certain numbers presented in this report may not add up precisely to the totals provided. All key figures and changes were calculated using the precise numbers and not the presented, rounded ones.

English translation of German original

This is an English translation of the German original.

Only the German original is legally binding.

Sustainability

For environmental reasons, there is no printed version of this report.

This report is available as PDF on www.psp.info/reports.



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