HIAG

Annual Report

21

2021
Annual Report

HIAG designs destinations that offer living space for people and space for the long-term development for companies.

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Strengths

Integrated business model

Solid financing structure

Strong focus on our sustainability agenda

Long-term vision of the anchor shareholders in the founding family

Solar and hydroelectric energy production

High profitability and long term growth potential with a sustainable dividends policy

Outstanding real estate pipeline

63 real estate experts, from the Board of Directors to our site managers

Strategy

The integrated business model covers the value chain over the entire lifecycle of a property. Its core features comprise site and project development from interim use to completion, portfolio and asset management, managed primarily in-house, and transaction management for continuous optimisation of the real estate portfolio as part of HIAG's capital recycling strategy.

The investment strategy focuses on former industrial sites, commercial, office and logistics real estate and selected residential properties in economic core regions and future-oriented growth regions in German and French-speaking Switzerland – although HIAG's market area covers the whole of Switzerland.

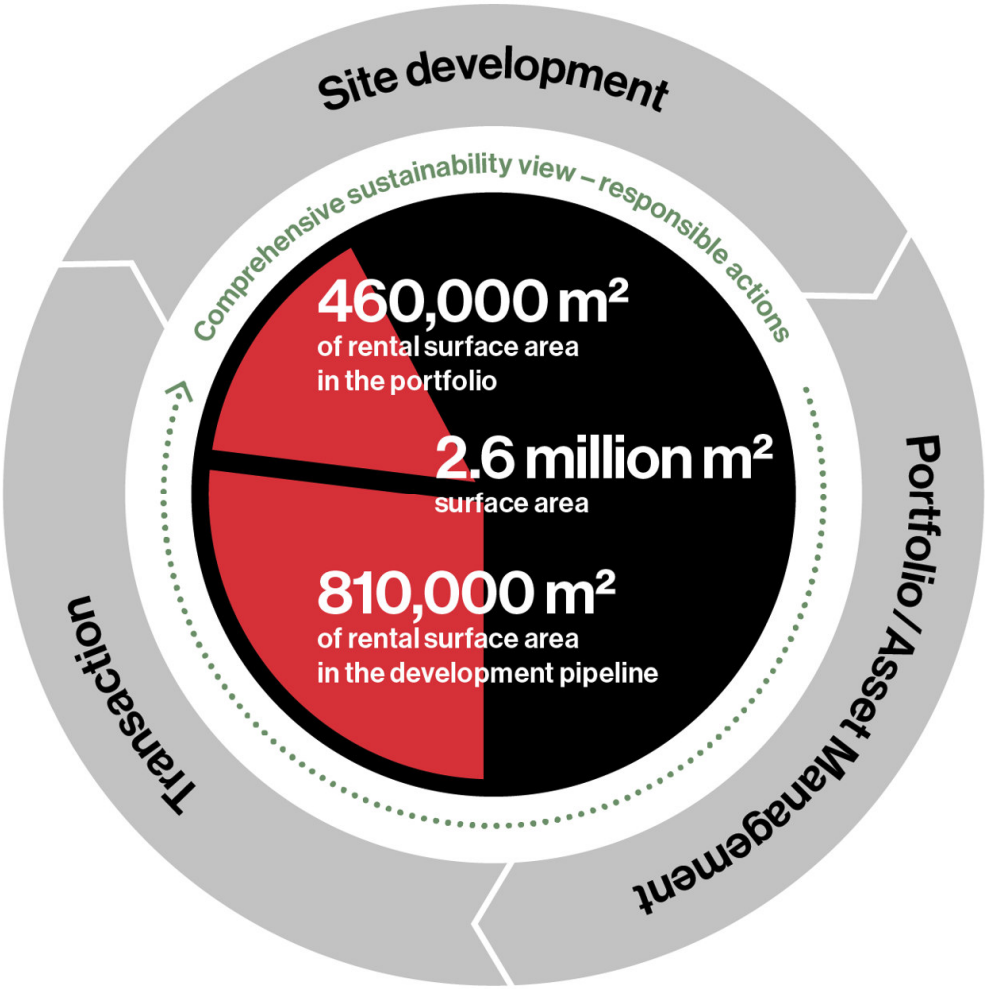
The implementation of the project pipeline over generations enables sustainable increases in value. The strong market position is used to consistently increase the quality of the real estate portfolio through acquisitions and sales. Value-enhancing investments are made with profits from the divestment of properties where for HIAG the value-increasing potential has been exhausted, and from the sale of development projects.

HIAG has long-term anchor shareholders and, as a listed company with access to the capital market, economic clout. Market developments are used proactively thanks to the entrepreneurial corporate culture, short decision-making processes and innovative team of experienced professionals.

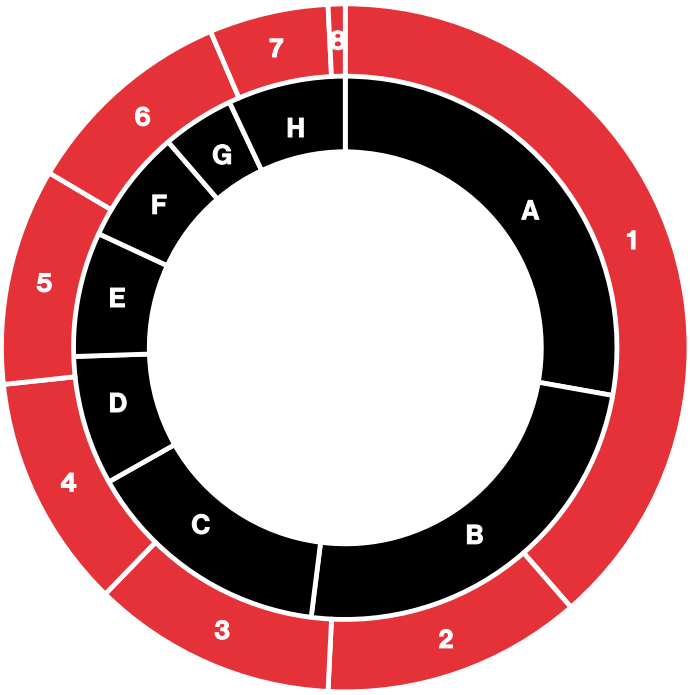
As a conscientious company, HIAG creates environmental, economic and social added value and pursues an investor-friendly dividend policy .

Strategy

Business model:



In a Nutshell
Key Figures



according to use ●
according to canton ●

Market value of investment properties by type of use[1] as at 31/12/2021

1	Industry, Commercial	38.6%
2	Building land	12.2%
3	Distribution, Logistics	11.5%
4	Retail	11.0%
5	Residential	10.2%
6	Office	10.1%
7	Residential, Commercial	5.6%
8	Miscellaneous	0.8%

Market value of investment properties by canton as at 31/12/2021

A	Zurich	27.8%
B	Aargau	24.2%
C	Geneva	14.8%
D	Zug	7.7%
E	Solothurn	7.4%
F	Basel-Landschaft	6.8%
G	St. Gallen	4.3%
H	Miscellaneous	7.0%

[1] The calculations of the types of use are based on the main use of the properties.

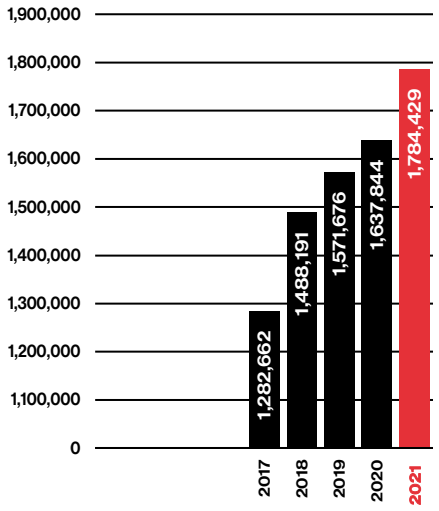
89%

of HIAG's real estate portfolio is situated in the Zurich/Zug/Baden/Brugg/Basel/Geneva and Solothurn regions.

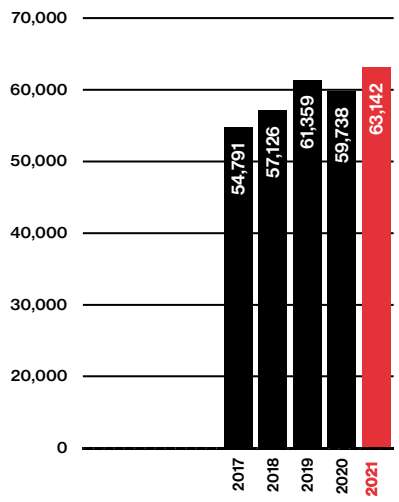
In a Nutshell
Key Figures

Real estate, property income, net income

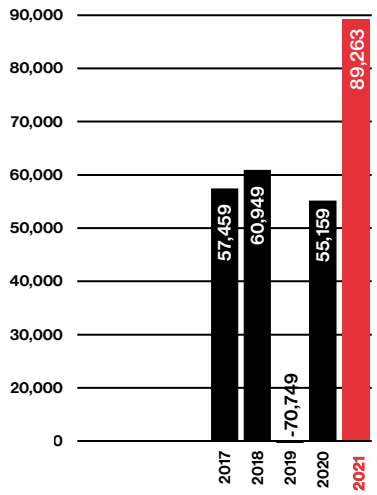
Real estate portfolio in TCHF



Property income in TCHF



Profit / loss in TCHF



Key financial figures

in TCHF	31/12/2021	31/12/2020
Property income	63,142	59,738
Revaluation of properties	60,523	27,002
– thereof yielding portfolio	39,900	9,658
– thereof development portfolio	20,623	17,344
Earnings before interest and tax (EBIT)	115,128	69,859
Earnings before interest and tax (EBIT) excl. revaluation of properties	54,605	42,857
Net income	89,263	55,159
Net income excl. revaluation of properties and deferred tax	36,995	33,352
Cash flow from operating activities	20,094	16,397
Cash flow from investment activities	-39,705	-39,308
Cash flow from financing activities	87,326	18,701

in TCHF	31/12/2021	31/12/2020
Cash and cash equivalents	87,350	19,706
Shareholders' equity	988,999	761,122
Equity ratio	52.0%	45.0%
Return on equity	11.1%	7.7%
Average interest rate for financial liabilities	0.8%	0.9%
LTV-Ratio gross	44.5%	49.9%
LTV-Ratio net	39.5%	48.7%
Balance sheet total	1,903,643	1,691,378
Employee headcount	77	85
– thereof real estate	63	58
– thereof Pratteln site	3	15
– thereof Jaeger et Bosshard SA	11	12

In a Nutshell
Key Figures

Key portfolio figures

in TCHF	31/12/2021	31/12/2020
Investment property portfolio	1,784,429	1,637,844
– thereof yielding portfolio	1,137,671	1,025,765
– thereof development portfolio	646,759	612,079
Market value of investment properties	1,752,318	1,608,417
Number of investment property portfolio	114	116
– thereof yielding properties	70	71
– thereof development properties	44	45
Number of sites (yielding and development)	44	47
Annualised property income in CHF million	63.1	60.0
Vacancy rate investment property portfolio	10.7%	13.2%
– Vacancy rate yielding portfolio	9.6%	13.0%
– Vacancy rate development portfolio	15.7%	13.7%
– Like-for-like	10.6%	13.2%
Weighted Average (Unexpired) Lease Terms - WAULT real estate portfolio (in years)	8.2	7.9
WAULT top 15 tenants (in years)	10.2	6.0
Investments in investment property portfolio	94,620	75,508
– thereof yielding portfolio	25,956	28,601
– thereof development portfolio	28,931	37,799
– thereof acquisitions (Asset Deal)	39,733	9,108

Alternative Performance Measures

in TCHF except key figures per share	31/12/2021	31/12/2020
Company specific earnings	23,207	31,083
Company specific earnings per share in CHF	2.70	3.84
Adjusted NAV	1,083,632	840,986
Adjusted NAV per share in CHF	107.44	100.24

In a Nutshell
Key Figures

Key figures per share

in CHF	31/12/2021	31/12/2020
Number of outstanding registred shares	10,085,833	8,390,058
Number of weighted outstanding registred shares	8,592,296	8,091,020
Earnings per share (EPS)	10.39	6.82
Earnings per share (EPS) excl. Revaluation of properties and deferred tax	4.31	4.12
Dividend per share[1]	2.70	2.30
Payout ratio[2]	73.9%	59.6%
Cash yield	2.8%	2.1%

in CHF	31/12/2021	31/12/2020
Shareholders' equity (NAV) per outstanding registered share, without deferred taxes	106.10	99.43
Shareholders' equity (NAV) per outstanding registered share, with deferred taxes	98.06	90.72

[1] Proposal to the Annual General Meeting on 28 April 2022 for the financial year 2021: 50% distribution from reserves from capital contributions.
[2] Payout per share in relation to group profit less change in value from revaluation of properties and deferred taxes from the reporting year.

Letter to Shareholders

Dear shareholders,

HIAG successfully continues to drive growth forward and considerably exceeded its objectives in business year 2021. Its strong position in the Swiss real estate market was bolstered, the vacancy rate again reduced and the key financial figures improved significantly. The placement of a multi-year bond and the proceeds from the successful capital increase shore up the company's core financing, and its free float was increased in a targeted manner. The Board of Directors and Executive Board were strengthened with experienced specialists, and the operational processes consistently optimised throughout the entire organisation. With the successful implementation of its strategy during the reporting year, HIAG laid an even stronger foundation for the systematic realisation of its exceptional project pipeline and for sustainable and profitable growth over generations.

Letter to Shareholders

Strong company performance

All three business divisions contributed to HIAG's strong company performance during the year under review. In site development, important milestones were reached and the development pipeline was further strengthened. Portfolio and asset management expanded the revenue base with lucrative new and follow-up leases and solvent tenants. Income from transactions and commercial space marketing, which was considerably above the multi-year average, made a significant contribution to the record earnings of business year 2021.

In the context of the successful performance in business year 2021, the Board of Directors will propose a payout of CHF 2.70 per outstanding share at the General Meeting on 28 April 2022, half from capital contribution reserves (without withholding tax deduction) and half as an ordinary dividend.

A detailed explanation of HIAG's financial performance in business year 2021 can be found in the CFO's report on page 15 of this Annual Report.

Site development through innovative projects

During the reporting year, the well-stocked development pipeline was further strengthened thanks to acquisitions and the launch of new projects in the portfolio. The pipeline currently includes more than 60 projects with an investment potential of nearly CHF 2.98 billion and a potential usable area of approximately 810,000 m^2, as well as a possible 3,200 apartments. The potential annual rental income is about CHF 167 million and expected profit from promotional properties amounts to approx. CHF 580 million (planned/estimated over the next 15 years).

HIAG reached important milestones in several projects. In Niederhasli, the development of a sub-site was completed with the handover of the new office building to Doka Schweiz, thus clearing the way for sustainable development of the site in cooperation with the municipality and SBB Immobilien. About 300 apartments, business premises and restaurants along with large green spaces and meeting areas are to be built near Niederhasli railway station.

In Cham, now that the building permit has been granted, HIAG can take on the first stage of the large-scale CHAMA project. Project construction, including approximately 140 apartments and condominiums along with flexible use office, service and retail space, is planned to start in spring 2022. Preparations for the second stage with another 140 apartments are also progressing according to plan.

At HIAG's Pratteln site, the master plan for this location close to the railway station has been completed and the quarter planning process has begun. HIAG is planning a mixed-use, high-density central quarter with up to 400 apartments, commercial and office space for about 500 employees, in addition to public gardens and leisure areas. At "The Hive" technology campus in Meyrin, a training and restaurant pavilion for the international catering company Luigia was handed over, and the electrical component manufacturer LEM took on the new building for its global headquarters in early 2022.

Further milestones include the construction of a new specialist furniture store for XXXLutz in Dietikon, which is progressing according to plan.

And at the HIAG site in the up-and-coming Zurich Altstetten quarter, the conditions for the construction of a high-rise apartment building with a commercial section have been created in close cooperation with the city.

In Biberist, HIAG obtained the building permit for the dismantling of various buildings and halls at the "Papieri" site. Space has thus been created for commercial and industrial tenants. A milestone was reached with the planned establishment of the high-tech start-up

Librec. HIAG will implement a new tailor-made building for the first Swiss recycling centre for electric vehicle batteries.

At the Reichhold campus in Hausen/Lupfig, after a long planning period, the preparatory work for the first high-rise project began and the foundations were laid for further development and construction in accordance with the design plan.

Tenant-oriented portfolio and asset management strengthens the revenue base

Thanks to mostly in-house management and the successful marketing of the yielding portfolio, the Portfolio and Asset Management division made an important contribution to HIAG's very good operating result in business year 2021. The vacancy rate in the yielding portfolio was again considerably reduced.

Demand for high quality logistics and commercial space continued to grow during the reporting period, and HIAG was able to successfully negotiate follow-on leases at several sites, sometimes with significant increases in rental income.

In Aathal and Dietikon, retail space was leased again at a good rental level. The commercial site in Kleindöttingen is almost fully leased and options for densification with replacement constructions are currently being reviewed. The residential properties at the sites in Klingnau and Windisch are fully leased. In the Wydeneck multi-generational project in Dornach, interim use was further expanded; the development is actively supported by our own team and a dedicated, local site promoter.

Use of market potential in transaction activity

Transactions and commercial space marketing achieved above average profit during the reporting year.

One of the successes in 2021 was a complex share deal for the purchase of a fully leased logistics property in Buchs (AG), in which the solvent tenant in the European clothing industry now ranks among HIAG's "top three tenants". The long-term double net lease has a positive impact on HIAG's cash flow and dividend potential. Another highlight of the reporting year was the acquisition of four retail properties in Winterthur, Solothurn and Reinach (BL). The seller BR Bauhandel remains a long-term tenant at all sites with its Richner and Baubedarf brands after the sale-and-leaseback transaction. This asset deal considerably strengthens the development pipeline and supports a sustainable increase in rental income and property value.

The current divestment programme is progressing very well and is expected to be completed by the end of 2022. With the sale of non-strategic properties in Aigle, Basel, Biberist, Bremgarten, Windisch and the Zurich Oberland valued at CHF 62.4 million (fair value), a large portion of the planned volume was sold at a substantial profit during the reporting year.

The seamless, 10-year follow-on lease of a logistics property in Brunegg signed with a solvent tenant and the multi-year preliminary lease for a planned residential and care centre in Ermatingen were among the highlights in commercial space marketing.

HIAG also plans to acquire suitable properties in the future, particularly land for residential use that allows rapid construction and marketing of condominiums, and will continue to sell non-strategic properties as part of its "capital recycling strategy".

First Sustainability Report in accordance with GRI Standards

The Board of Directors of HIAG Immobilien Holding AG also approved the sustainability strategy as part of Strategy 2025. HIAG positions itself as a reliable and conscientious business partner, creating economic, environmental and social added value based on its business philosophy of revitalisation of former industrial sites and the long life and

investment cycles of its properties. HIAG is publishing a sustainability report in accordance with the internationally recognised GRI Standards for the first time as part of its Annual Report 2021.

The sustainability projects include development of a plan to reduce greenhouse gas emissions, the establishment of guidelines for resource-efficient construction, participation in the GRESB 2022 assessment and the expansion of solar power generation at our sites. Our aim is to achieve the highest possible degree of solar coverage and maximum use of suitable roofs. In addition to the "Code of Conduct for Employees", a "Code of Conduct for Business Partners" was also created.

The sustainability targets have also been integrated into HIAG's compensation system. Sustainability criteria were used in 2021 to determine the variable compensation of the CEO. In 2022, this approach will be refined and taken into account when determining the CFO's variable remuneration.

Market and outlook

In 2021, the Swiss economy rebounded surprisingly quickly from the shock of the pandemic. In addition, thanks to rapid and targeted government compensation benefits, the high value of the Swiss real estate market was maintained even during the crisis. Over the past year, residential investment properties in particular, along with first-class commercial properties, have become the focus of investors' interest. Demand also rose for retail and logistics properties, which recorded an extraordinary surge in demand. The net initial yields in these real estate segments continued to decrease accordingly. On the other hand, investor demand for office properties in peripheral locations has cooled off significantly and the leasing of retail properties in the non-food sector is still challenging.

As a result of rising inflation rates and key interest rate increases by central banks, the capital inflow into the Swiss real estate markets could become weaker and the cost of capital for real estate assets rise, despite a stable economic outlook, a low unemployment rate and robust employment and population growth. In addition, the geopolitical situation has been uncertain recently with high volatility on the stock exchanges. HIAG assumes that this uncertainty will continue to drive investors towards real estate since it promises stable income, at least in the long term.

Unless there is a clear worsening of the general economic conditions, HIAG expects business year 2022 to be a good one overall. The management forecasts a stable long-term income situation and continuous revenue streams from all business divisions based on our proven business model. The newly completed, fully leased construction projects and expected rental successes should further increase rental income. Similarly, revaluation gains are also expected again due to significant progress in major development projects. In addition, the first advance payments from the first stage of the "CHAMA" project and further divestments of non-strategic real estate should make a positive contribution to the result.

Dr. Felix Grisard
President of the Board of Directors

Marco Feusi
CEO

Business Performance

HIAG increased its net income in business year 2021 by 61.8% to CHF 89.3 million (previous year: CHF 55.2 million). At CHF 60.5 million (previous year: CHF 27.0 million), revaluation gains more than doubled. Property income rose by 5.7% to CHF 63.1 million (previous year: CHF 59.7 million). At CHF 16.5 million (previous year: CHF 4.9 million), income from the sale of investment properties reflected the efficient implementation of the ongoing divestment programme of non-strategic properties. The successfully executed capital increase in November 2021 with a net cash flow of about CHF 156 million had a positive impact on the equity ratio and the loan to-value ratio (LTV).

Financial performance:

- At CHF 63.1 million (previous year: CHF 59.7 million), property income exceeded the previous year's figure by CHF 3.4 million. With agreed and expected rental reductions of about CHF 0.1 million, the pandemic did not have a significant impact on net income.
- The vacancy rate in the real estate portfolio decreased further to 10.7% (previous year: 13.2%) as at 31 December 2021, despite the sale of fully leased properties. This positive development can be explained primarily by successful new leases and lease extensions, as well as acquisition of leased properties.
- Revaluation gains from investment properties rose considerably during the reporting year to CHF 60.5 million (previous year: CHF 27.0 million), mainly thanks to in-house development progress and a further reduction in the current market discount rates.
- Profit from the sale of investment properties increased to CHF 16.5 million (previous year: CHF 4.9 million). The above-average figure is due primarily to the successful execution of the current divestment programme of non-strategic properties.
- Other operating income rose to CHF 14.1 million (previous year: CHF 12.5 million), due in particular to the higher earnings contribution of the metal recycling company Jaeger et Bosshard SA to CHF 10.5 million (previous year: CHF 5.9 million).

HIAG's net income increased by 61.8% to CHF 89.3 million (previous year: CHF 55.2 million) in business year 2021. Net income amounted to CHF 37.0 million (previous year: CHF 33.4 million), excluding revaluation gains and related deferred taxes. Also, EBIT increased significantly to CHF 115.1 million (previous year: CHF 69.9 million), or CHF 54.6 million (previous year: CHF 42.9 million), excluding revaluations. This resulted in earnings per share of CHF 10.39 (previous year: CHF 6.82), or CHF 4.31 (previous year: CHF 4.12), excluding revaluations and related deferred taxes (based on a weighted average number of shares outstanding).

Return on equity as at 31 December 2021 rose by 3.4 percentage points from 7.7% to 11.1% (on a weighted average equity basis).

Business Performance

in TCHF	2021	2020	Δ in %
Property income	63,142	59,738	5.7%
Revaluation of properties	60,523	27,002	124.1%
Income from sale of properties	–	10,560	-100.0%
Profit from sale of properties	16,543	4,905	237.3%
Other operating income	14,114	12,531	12.6%
EBIT	115,128	69,859	64.8%
EBIT excl. revaluation of real estate	54,605	42,857	27.4%
Financial result	-9,157	-8,592	6.6%
Taxes	-16,708	-6,107	173.6%
Net income for the period	**89,263**	**55,159**	**61.8%**
Net income for the period excl. revaluation of real estate and deferred taxes	**36,995**	**33,352**	**10.9%**

Yielding portfolio (leases):

At CHF 63.1 million (previous year: CHF 59.7 million), property income exceeded that of the previous year by 5.7%. With agreed and expected rent reductions of about CHF 0.1 million, the impact of the pandemic on the result was negligible.

Annualised property income rose by 5.1% to CHF 63.1 million (previous year: CHF 60.0 million), taking into account strategic transactions (acquisitions, sales) from which HIAG earned annualised property income of CHF 1.0 million net.

The vacancy rate in the real estate portfolio continued to decrease and stood at 10.7% (previous year: 13.2%) at 31 December 2021. The vacancy rate in the yielding portfolio dropped to 9.6% (previous year: 13.0%).

The weighted average unexpired lease term (WAULT) increased to 8.2 years (previous year: 7.9 years) during the reporting period. Based on the 15 largest tenants, the WAULT was as much as 10.2 years (previous year: 6 years) as at 31 December 2021.

Development portfolio:

HIAG's development pipeline includes more than 60 projects with an expected total investment volume of about CHF 2.98 billion. The annual earnings potential of rental space is approximately CHF 167 million and the potential proceeds from promotional project sales equals approximately CHF 580 million (planned/estimated over the next 15 years).

During the period under review, two properties in Niederhasli ("Doka Schweiz") and Meyrin ("Luigia") with a net market value of CHF 52.6 million were transferred from the development portfolio to the yielding portfolio. In the previous year, yielding properties with a net market value of CHF 62.2 million were transferred to the development portfolio, while development properties with a net market value of CHF 21.9 million were transferred to the yielding portfolio.

The vacancy rate in the development portfolio rose from 13.7% in the previous year to 15.7% during the reporting period. This is due primarily to the strategic sale of a fully-leased property in Aigle, as well as the above-mentioned transfer of properties from the development portfolio to the yielding portfolio.

Business Performance

Transaction business:
The following properties with a fair value of CHF 62.4 million (previous year: CHF 27.1 million) were sold during the period under review:

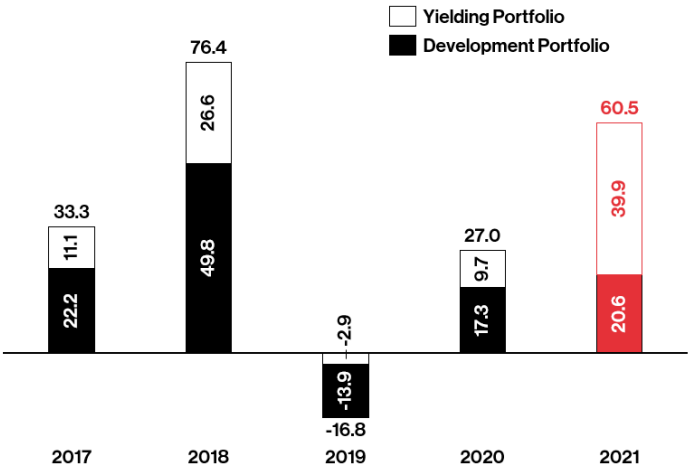
- **Aathal, Zürichstrasse 66–80, 50–62/192**
- **Aathal, Zürichstrasse 34 (cotton warehouse)**
- **Wetzikon, Grundstrasse 6–10**
- **Wetzikon, Schulhausstrasse 42-44**
- **Biberist, Herrenweg 1–7 / Derendingerstrasse**
- **Basel, Rosenthalstrasse 27**
- **Bremgarten, Luzernerstrasse 48-50**
- **Windisch,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

At the same time, the following properties with a fair value of CHF 39.7 million (previous year: CHF 9.1 million) were acquired in 2021 as part of an asset deal:

- **Reinach (BL), Am Kägenrain 1–3**
- **Winterthur, St. Gallerstrasse 172**
- **Winterthur, Technoramastrasse 15**
- **Solothurn, Muttenstrasse 13–18**

Furthermore, a property was acquired in Buchs (AG) as part of a share deal in the amount of CHF 53.0 million (previous year: no share deal).

At CHF 60.5 million (previous year: CHF 27.0 million), revaluation gains from real estate assets more than doubled. This increase is due to the progress of projects in development properties, a reduction in the vacancy rate and a market-related decrease in discount rates.



The average discount rate (net, real) applied by the independent real estate appraiser to the valuations was 3.54% (previous year: 3.73%) in the real estate portfolio (excluding land, construction rights and power plants).

Business Performance

Properties for sale (promotion) – earnings contribution and developments

As at 31 December 2021, the development pipeline included a property for sale ("CHAMA" condominium) with a total investment volume of CHF 2.7 million (previous year: CHF 2.5 million). No divestments were made in 2021 (previous year: net income CHF 1.4 million).

Operating expenses

Operating expenses decreased by CHF 5.8 million to CHF 38.7 million (previous year: CHF 44.5 million) in the reporting period. This is mainly a result of one-time effects in the previous year related to expenses from the sale of properties, the Pratteln site and the Cloud business. Real estate-related expenses dropped by CHF 0.6 million in the period under review.

As at 31 December 2021, HIAG had 77 (previous year: 85) employees. The eight-person decrease is due primarily to the end of employment contracts related to the completion of the dismantling work in Pratteln.

Personnel expenses amounted to CHF 13.9 million (previous year: CHF 16.5 million) during the reporting period.

Operating and administrative expenses decreased slightly to CHF 7.2 million (previous year: CHF 7.6 million).

Tax expense rose to CHF 16.7 million (previous year: CHF 6.1 million) due primarily to a higher operating profit, increased proceeds from the sale of investment properties (including deferred taxes), an increase in deferred taxes from revaluation and the use of capitalised tax loss carryforwards from previous periods.

Financial position:

- **The balance sheet total as at 31 December 2021 rose to CHF 1.90 billion (previous year: CHF 1.69 billion).**
- **The equity ratio increased to 52.0% (previous year: 45.0%).**

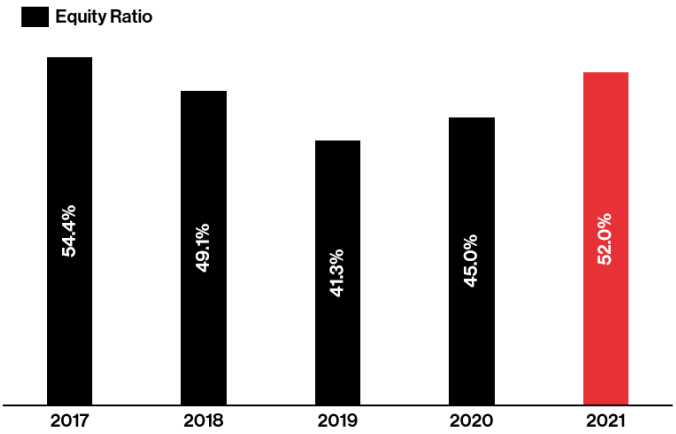
The balance sheet total as at 31 December 2021 increased by 12.5% to CHF 1.90 billion (previous year: CHF 1.69 billion). The value of the real estate portfolio as the most important element of the balance sheet rose by 8.9% to CHF 1.78 billion (previous year: CHF 1.64 billion) due to investments, revaluation gains and strategic transactions.

in TCHF	31/12/2021	31/12/2020	Δ in %
Balance sheet total	1,903,643	1,691,378	12.5%
Shareholders' equity	988,999	761,122	29.9%
NAV per share, without deferred taxes in CHF	106.10	99.43	6.7%
NAV per share, with deferred taxes in CHF	98.06	90.72	8.1%
Real estate portfolio	1,784,429	1,637,844	8.9%

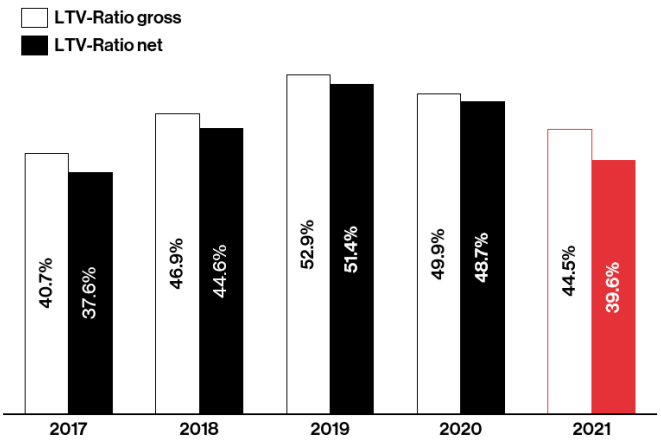
During business year 2021, the NAV increased by 8.1% to CHF 98.06 per share (previous year: CHF 90.72 per share), or by 6.7% to CHF 106.08 per share (previous year: CHF 99.43 per share), taking into account deferred taxes.

Following the successful capital increase in November 2021 and with an equity ratio of 52.0% (previous year: 45.0%) as at 31 December 2021, HIAG's equity base stands on solid ground.

Business Performance



As at 31 December 2021, the gross loan-to-value ratio (LTV) was reduced to 44.5% (previous year: 49.9%) and the net LTV ratio to 39.6% (previous year: 48.7%). HIAG thus has a solid base on which to finance its financial obligations from operating activities.



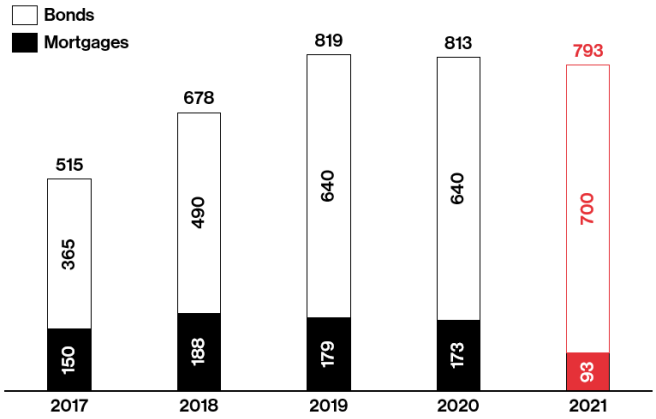
Business Performance

Financial liabilities

On 2 July 2021, a CHF 100 million fixed-rate bond was refinanced with a CHF 160 million fixed-rate bond with a coupon of 0.75% and a term of 7 years.

On 31 December 2021, financial liabilities consisted of listed bonds (CHF 700 million) and mortgage-backed bank loans (CHF 93 million). In business year 2021, the average interest rate for financial liabilities of 0.8% was below the comparable figure of the previous year (0.9%) due to the successful refinancing of the bond in July and the repayment of bank loans from the proceeds of the capital increase in the fourth quarter of 2021. HIAG's goal is to keep interest rates at a low level if possible.

The average term of the financial liabilities was 2.5 years (previous year: 2.0 years) as at the reporting date on 31 December 2021. The objective is to extend this period with the upcoming refinancing in 2022. The long-term financing and the solid equity base form the foundation of HIAG's successful development.



in TCHF	31/12/2021	31/12/2020	Δ in %
Total financial liabilities	792,887	816,686	-2.9%
Average remaining term of financial liabilities in years	2.5	2.0	25.0%
Average borrowing rate in %	0.8%	0.9%	-11.1%

Investments

HIAG's investment activity is focused on the strategic implementation of the project pipeline, which as at 31 December 2021 comprised more than 60 projects with a total investment volume of approximately CHF 2.98 billion (previous year: CHF 2.75 billion).

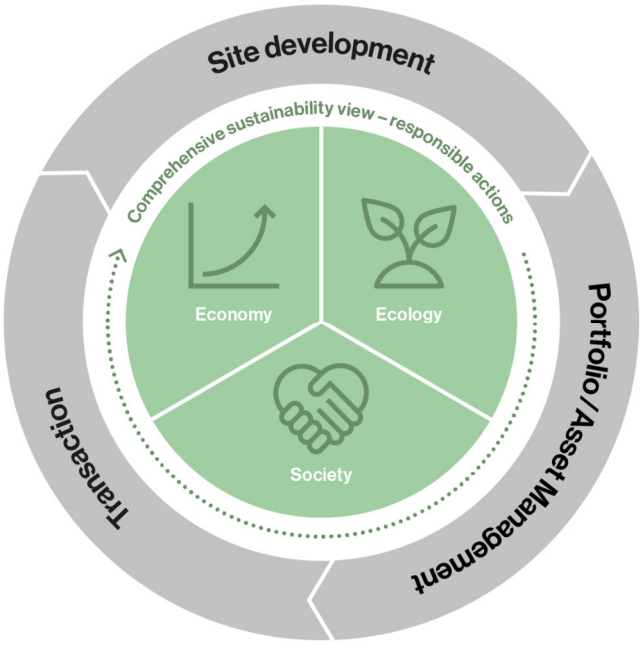
Rico Müller, CFO

Sustainability Report 2021

As a reliable and conscientious company, HIAG pursues economic, environmental and social value creation throughout a property's entire value chain. The concept of sustainability is taken into account in all HIAG's business processes and the entire organisation is held accountable in this respect.

HIAG is committed to the United Nations Sustainable Development Goals (SDGs). The SDGs shape HIAG's sustainability strategy and reporting with their comprehensive view of sustainability.

Sustainability is part of HIAG's business model:



This Sustainability Report forms an integral part of HIAG Immobilien Holding AG's Annual Report. It focuses essentially on social and environmental information. More information on economic performance and responsible management can be found in the Corporate Governance Report on page 47 and in the Financial Report on page 87 of this Annual Report.

GRI 102-45
Annual sustainability reporting covers all HIAG's strategic business units, with the exception of the recycling business of Jaeger et Bosshard SA, due to the different fields of activity, its marginal contribution to HIAG's business results and the fact that its operational management is outsourced to Thommen AG.

GRI 102-48
This report has been prepared for the first time in accordance with GRI Standards (core option); the Sustainability Report 2021 is therefore based on systematically collated sustainability indicators. An independent external audit of selected sustainability data was not performed during this reporting period. However, this is our goal in the medium term.

Sustainability Report 2021

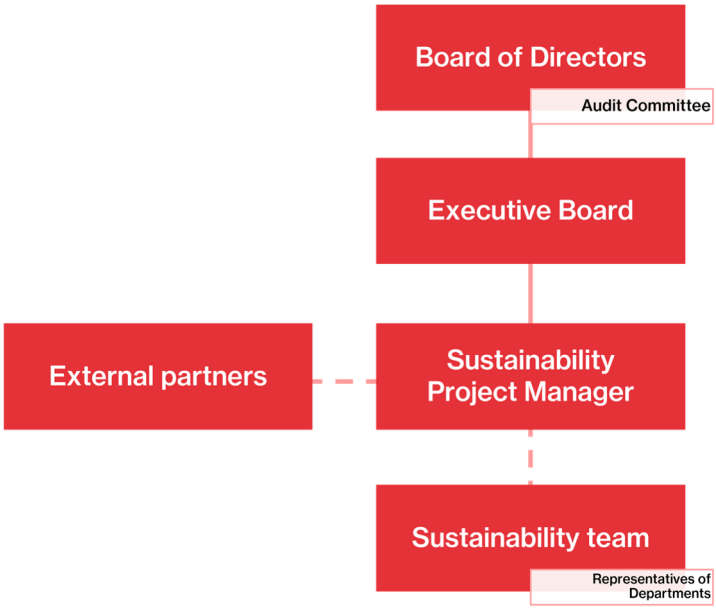
Based on the principles of the GRI Standards, the information in this report is limited to topics that are material to HIAG. In particular, this includes the requirements of HIAG's stakeholders. Unless otherwise stated, the data in this Sustainability Report refer to business year 2021.

Material topics have been determined in the materiality assessment with the help of external sustainability experts, and refined based on reactions to the sustainability reporting in the Annual Report 2020. In addition, our sustainability team was reinforced with a dedicated expert in 2021.

The sustainability strategy has been approved by the Board of Directors and is part of HIAG's Strategy 2025. As part of our refocused sustainability strategy, designated individuals are responsible for sustainability and the corresponding processes. The Board of Directors bears overall responsibility for all economic, ecological and social aspects. It has commissioned the Executive Board with implementation of the sustainability strategy. The Executive Board is assisted in this respect by the Sustainability Project Manager, who works closely with our cross-divisional sustainability team. The involvement of the different departments ensures the relevance of the various sustainability activities in practice.

Adjustments to the sustainability strategy and aspects of its implementation are reviewed annually based on internal and external feedback.

HIAG's sustainability organisation:



Sustainability Report 2021

1 Material topics

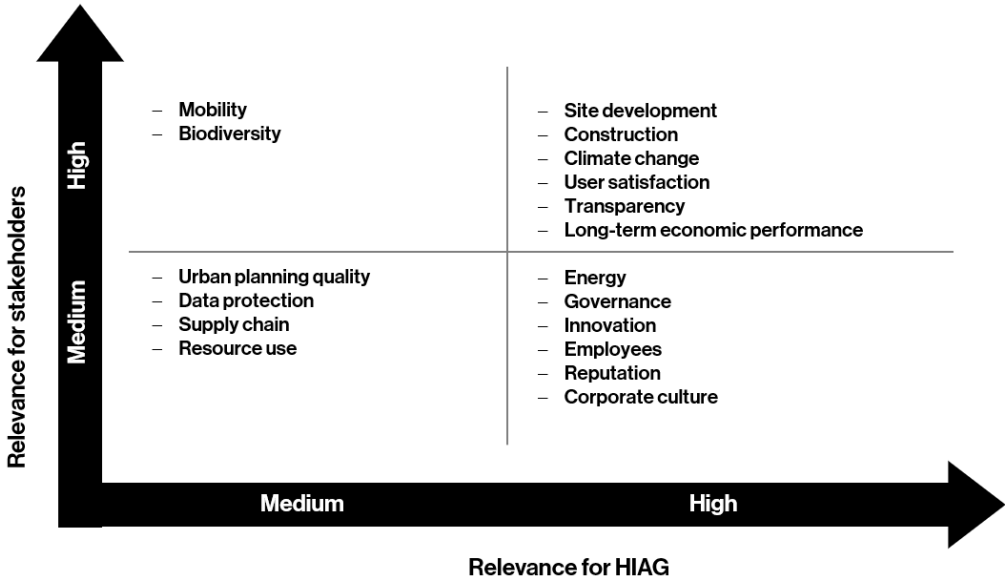
GRI 102-43, 102-46, 102-49
The sustainability topics relevant to HIAG are summarised in a list of material sustainability aspects. These points were refined based on the findings of the Sustainability Report 2020. The topics "Long-term focus" and "Economic performance" were combined under the term "Long-term economic performance", "Biodiversity" was added and "Infrastructure" was omitted due to its similarity to other items. Other changes concern the use of more specific terminology. The list, which was provided for the first time in 2020, is based on indirect stakeholder involvement. It was prepared using in-house knowledge in cooperation with external sustainability experts. We drew on the wealth of experience gained from personal tenant interviews, discussions in trade media and other publications. Naturally, the requirements differ depending on the stakeholders. This approach ensures that our reporting addresses all important aspects.

The GRI reporting principles were consistently applied in the preparation of the Sustainability Report.

GRI 102-40, 102-42, 102-44
HIAG's stakeholders include all individuals and organisations that are directly or indirectly affected by HIAG's business activities, namely:

Stakeholder:	Material topics:
– Investors – Shareholders	Long-term economic performance, responsible management, transparency, innovation
– Tenants	User satisfaction, data protection, mobility, construction
– Employees	Corporate culture, reputation
– Business partners	Governance, transparency, reputation
– Authorities	Urban planning quality, energy, resource use, transparency
– Organisations and associations Business promotion offices Social partners Nature and heritage protection organisations	Site development, supply chain, climate change, biodiversity, construction, urban planning quality
– Residents	Urban planning quality

GRI 102-47,
Presentation of material topics from materiality assessment:



2 Sustainability goals and principles

To HIAG, sustainable management means taking responsibility and creating economic, environmental and social added value. The current sustainability goals are a result of sharpened targets following our Sustainability Report 2020. We regularly assess the level of goal achievement and communicate it as part of our Annual Report. New goals are evaluated annually.

2.1 Goals

Goal 1: Development of a plan to reduce greenhouse gas emissions in the yielding portfolio by 2023

Goal 2: Development of guidelines for building certification and the handling of recyclable and circular products by 2023

Goal 3: Participation in the GRESB Real Estate Assessment 2022 (Standing Investments and Development)

Goal 4: Six-fold increase in the plant capacity of HIAG Solar, the joint venture with our technology partner aventron, from 1 MWp in 2021 to 6 MWp in 2024

Furthermore, the following sustainability principles apply in daily business:

2.2 Sustainability principles

We maintain long-term relationships with our stakeholders based on a spirit of partnership and integrate social needs into our projects.

Our success depends on the social acceptance of our projects. Adding value means taking into account the various interests. That's why we regularly consult our stakeholders.

We engage in comprehensive and transparent reporting.

This enables our stakeholders to gain deeper insights into our work and creates trust. We set the highest standards in terms of quality and transparency of our reporting and implement them according to recognised standards.

We seek to create long-term value and are profit-oriented.

As a listed company, we focus on long-term economic performance.

We integrate existing and identity-forming buildings into our development projects.

By integrating existing structures into our development projects, we create lively destinations, preserve history and save grey energy. In addition, we make an important contribution to the densification of residential areas by revitalising developed sites.

We remove pollutants from existing buildings and eliminate inherited liabilities at former industrial sites.

With our extensive experience and long track record in the remediation of polluted building structures and the cleaning, treatment and professional disposal of soil at contaminated sites, we contribute to a safe and life-sustaining environment.

Our innovation projects increase the quality and social added value of our sites.

Using innovative development concepts, we create attractive living spaces for a healthy and safe life.

We adapt our sites to the challenges of climate change.

Based on our foresight and knowledge, we try to anticipate upcoming challenges and overcome them ahead of time, for example, heat reduction at our sites.

We create attractive working conditions and support our employees in their professional development.

We treat our employees as equals and support them through partnership-based dialogue and internal and external training opportunities.

We have a high proportion of women at all functional levels and promote diversity in the workforce.

The promotion of diversity and gender equality is a natural part of our activities and is part and parcel of our Codes of Conduct both internally and externally.

We are committed to biodiversity.

Our vast biodiversity hotspots are professionally managed and protected. They offer important living and recreational spaces for people and nature. Our project development also consistently embraces the issue of biodiversity.

Sustainability Report 2021

UN Sustainable Development Goals (SDGs)
HIAG actively contributes to 10 of the 17 SDGs through its activities, as the following overview shows:

UN SDGs	How we deal with the goals
5 GENDER EQUALITY	— Sustainability goals and principles, p. 24 — Social responsibility: employees, p. 27
7 AFFORDABLE AND CLEAN ENERGY	— Sustainability goals and principles, p. 24 — Environment: energy, p. 34
8 DECENT WORK AND ECONOMIC GROWTH	— Sustainability goals and principles, p. 24 — Social responsibility: employees, p. 27 — Social responsibility: urban planning quality and site development, p. 31 — Financial report, p. 87
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	— Sustainability goals and principles, p. 24 — Social responsibility: innovation, p. 31
10 REDUCED INEQUALITIES	— Sustainability goals and principles, p. 24 — Social responsibility: employees, p. 27
11 SUSTAINABLE CITIES AND COMMUNITIES	— Sustainability goals and principles, p. 24 — Social responsibility, p. 27 — Environment, p. 32
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	— Sustainability goals and principles, p. 24 — Environment: construction and resource use, p. 43
13 CLIMATE ACTION	— Sustainability goals and principles, p. 24 — Environment: climate chance, p. 38
15 LIFE ON LAND	— Sustainability goals and principles, p. 24 — Environment: biodiversity, p. 44
17 PARTNERSHIPS FOR THE GOALS	— Material topics, p. 23 — Sustainability goals and principles, p. 24 — Social responsibility: social commitment, p. 32 — Environment: energy, p. 34

3 Social responsibility

3.1 Employees

Thanks to its desirable work environment, HIAG positions itself as an attractive employer and creates the conditions for bringing in and retaining motivated and qualified employees. HIAG places a strong emphasis on good working conditions. These are set out in the internal employment rules, which are reviewed regularly.

HIAG as an employer

As at 31 December 2021, HIAG employed 66 people (previous year: 73) in German and French-speaking Switzerland, who together filled 60.6 (previous year: 65.3) full-time positions (Jaeger et Bosshard SA not included).

With a few exceptions, all HIAG's activities are carried out by its own staff. There are no seasonal fluctuations in staffing levels.

In addition to providing expert supervision and support to the teams, HR continuously optimises existing processes, including occupational safety. HIAG attaches great importance to offering attractive, accident and injury-proof workplaces at all times.

There were no work-related accidents involving HIAG employees in business year 2021.

Performance commitments and employee development

HIAG fosters a corporate culture based on partnership and offers interesting work content with a great deal of creative freedom. All employees are offered attractive development opportunities.

HIAG addresses the needs of its employees in depth through performance reviews that take place at least once a year. Individual performance targets are set in agreement with the employees as part of a performance assessment. The content of these reviews is recorded in a memo and provides HR and management with a representative overview of employee satisfaction and employee perceptions of the company culture.

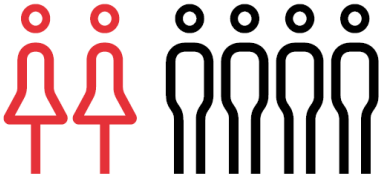
Diversity and workers' rights

HIAG considers diversity as an opportunity and innovation driver. Employees' individual values are respected and workers' rights such as freedom of association are supported. Detailed figures on the composition of the workforce are based on data from the personnel database. As at 31 December 2021, all employees had an unlimited employment contract.

Sustainability Report 2021

Employee figures as at as at 31 December 2021

Members of the Board of Directors

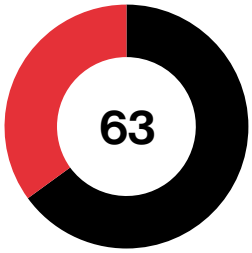


2 Women 33%

4 Men 67%

Employees by business area

Real Estate



22 Women 35%
41 Men 65%

Dismantling project Pratteln

0 Women 0%
3 Men 100%

Employees per function				
Executive Board and management	2 Women	8 Men	0 Women	0 Men
Employees without a management function	20 Women	33 Men	0 Women	3 Men

Employees per full/part-time positions				
> 90%	9 Women	37 Men	0 Women	3 Men
50 – 90%	11 Women	4 Men	0 Women	0 Men
< 50%	2 Women	0 Men	0 Women	0 Men

Employee per age group				
< 30 years	4 Women	5 Men	0 Women	0 Men
30 – 50 years	9 Women	23 Men	0 Women	0 Men
> 50 years	9 Women	13 Men	0 Women	3 Men

Employee mutation in business year 2021		
Entry rate	25%	0%
Exit rate	14%	233%

Entry per age				
< 30 years	1 Women	2 Men	0 Women	0 Men
30 – 50 years	2 Women	6 Men	0 Women	0 Men
> 50 years	1 Women	4 Men	0 Women	0 Men

Exit per age				
< 30 years	0 Women	0 Men	0 Women	0 Men
30 – 50 years	3 Women	3 Men	0 Women	1 Men
> 50 years	0 Women	3 Men	0 Women	6 Men

Employee communication

Employees are informed promptly and transparently about important events and kept up to date on HIAG's development through monthly newsletters. The manageable size of the company allows direct, personal contact and knowledge transfer at all times. The stock exchange listing also guarantees a high degree of transparency and timely information. As part of the annual two-day company excursion "HIAG on Tour", selected properties are visited by HIAG and third parties. Various presentations provide insight on specific skills that help employees in their work.

Employee development

HIAG expects its employees to take responsibility and supports them with various training and continuing education opportunities. An open culture of constructive criticism improves the quality of our work and promotes team spirit. In 2021, HIAG supported 12 employees in their continuing education. The time investment of 1,040 hours was counted partially as working hours.

Hours of continuing education by gender and employee category:

	Executive Board and management	Non-managerial employees
Female	18.7 hours per FTE	28.0 hours per FTE
Men	6.5 hours per FTE	14.6 hours per FTE
Total	**17.1 hours per FTE**	

Attractive work environment

HIAG attaches great importance to attractive working conditions and promotes digital processes. The focus is particularly on increasing efficiency and process quality, as well as creating ways to increase flexibility of working hours and location. Depending on their job, today's technical requirements allow most employees to work from their home office.

Work-life balance

In order to promote a greater work-life balance, HIAG offers flexible working hours and part-time positions as standard practice. In addition, specific working models are created for employees returning from parental leave, if desired and possible.

In 2021, no employee was entitled to parental leave. Two employees who benefited from parental leave in 2020 were still at HIAG 12 months after they returned to work (retention rate: 100%). HIAG complies with the working hours and rest periods defined in the Labour Code. Normal working hours are 42 hours per week on a yearly average. The maximum weekly working hours are 45 hours per week. In addition, a good balance between work and personal life is a fixed topic in the annual performance reviews.

Fair and performance-oriented remuneration

HIAG values fair compensation that recognises skills and achievements and allows a decent standard of living. Women and men receive the same level of salary for the same position and performance. The employment contracts comply with Swiss law. In addition to attractive compensation, in line with local and industry standards, the compensation model provides additional performance-related target bonuses in certain cases. Furthermore, HIAG's employee stock option programme is designed to enable all employees (full and part-time positions) to be shareholders in the company. At the end of 2021, about 41% (previous year: 19%) of all employees took advantage of this option.

Ethical standards

To ensure ethically correct behaviour and integrity, HIAG requires all employees to comply with and enforce the Codes of Conduct for Employees and Business Partners. The Code of Conduct for Employees is an integral part of the employment contracts and defines the framework of business activities for the workforce. No violations of the Codes of Conduct were identified in business year 2021. The Code of Conduct for Employees is revised on a regular basis. The current version is available online via the following link:

https://www.hiag.com/en/investors/corporate-governance/further-information/

3.2 Supply chain

HIAG consistently fulfils its responsibility as a listed real estate company throughout the entire supply chain.

As a company operating exclusively in Switzerland, HIAG's activities are governed by Swiss law and standards. In 2021, a Code of Conduct for Business Partners was put into effect, setting out HIAG's aspirations in terms of social responsibility, environmental management, governance, health, safety, gender equality, diversity and inclusion. It requires all business partners and their subcontractors to comply with the relevant guidelines. HIAG expects violations or suspected violations to be reported, and investigates suspected cases. HIAG's Code of Conduct for Business Partners offers an instrument to ensure compliance throughout the value chain. The Code of Conduct for Business Partners is revised on a regular basis. The current version is available online via the following link:

https://www.hiag.com/en/investors/corporate-governance/further-information/

Where possible, HIAG supports the regional economy and awards contracts to local businesses. In 2021, 95% of the order volume was awarded to companies based in Switzerland. Most come from HIAG's core regions of Zurich, north-western Switzerland and French-speaking Switzerland.

Overview of HIAG's main external business partners:

3.3 User satisfaction

Tenant satisfaction is reflected directly in HIAG's business performance.

HIAG therefore maintains close contact with the users of its properties. The majority of properties are managed in-house, and HIAG's specific tenant structure, with mostly large commercial tenants, supports an open dialogue. Several times a year, the needs and wishes of the tenants are elicited in personal talks.

This efficient way of measuring tenant satisfaction strengthens mutual trust, helps to identify problems quickly and allows tailor-made solutions to be implemented.

3.4 Urban planning quality and site development

Site development is one of HIAG's core competencies. Large-scale projects take into account building regulations and planning law, political needs, historic preservation, existing users, the local public and, if necessary, stakeholders and associations. Special emphasis is placed on mobility and biodiversity, and often also on preserving the historical identity of a site.

On larger sites, HIAG works with its own teams. This strengthens proximity with the local stakeholders and promotes the development of high quality projects that take into account the various interests.

In order to integrate interests and framework conditions that can often be complex, study commissions and competitions are carried out regularly for urban development issues and master plan procedures. HIAG can thus reconcile its entrepreneurial vision for a site with the parties involved and at the same time integrate proposals into its processes.

Due to their size and history, HIAG sites often have great local significance that extends far beyond the site. With the arrival of new tenants and jobs, HIAG brings new life and creates significant impetus. Business year 2021 saw, inter alia, the handover of the training pavilion for the international restaurant chain "Luigia" at "The Hive" campus in Meyrin and the new office building for Doka Schweiz in Niederhasli for about 80 employees. In addition, numerous interim uses are in place on sites with a longer development timeline.

3.5 Innovation

Real estate development offers room for innovation and the development of user-friendly solutions and efficient processes from acquisition to site development and management.

On a project level, HIAG collaboratively designs and implements new solutions. Our focus is on the needs of shareholders and tenants. This type of cooperation between employees from different departments enables efficient and innovative processes.

Measures taken during the reporting year include optimisation of the IT organisation and infrastructure, a new ERP system implementation plan, the installation of additional charging stations for electric vehicles at selected sites, and a partnership with Mobility to improve access to the Walzmühle site in Frauenfeld.

3.6 Social commitment

HIAG's social commitment focuses mainly on culture and education and fosters exchanges with educational and research institutions. In recent years, these have included in particular the cooperation with HEPIA, Geneva's School of Landscape, Engineering and Architecture, ETH Zurich in the field of architecture, Lucerne University of Applied Sciences and Arts in the field of interior design and the University of Applied Sciences of North-West Switzerland (FHNW) in the field of energy and environmental technology. HIAG supports employees who are invited to be guest lecturers at universities on certain specialist topics.

In addition, HIAG organises regular cultural events at its sites; for example, the open-air theatre productions for children by FAHR.WERK.ö! at the Schönau site in Wetzikon and the Wyde Openair festival at the Wydeneck site in Dornach. During the reporting year, selected organisations were again supported with patronage contributions. The list below is exhaustive. There were no financial or non-cash benefits of any kind to political parties. However, indirect contributions through memberships in associations and stakeholder groups (see p. 46) cannot be ruled out.

Patronage contributions and sponsorship 2021:
≥ CHF 10,000
- **Beyeler Museum AG**
- **Stiftung Kunstmuseum Basel**
- **Theatergenossenschaft Basel**

< CHF 10,000
- **EHC Wetzikon**
- **FC Subingen**
- **Statistisch-Volkswirtschaftliche Gesellschaft Basel**
- **Stiftung Baukultur Schweiz**
- **Svizra27 – the national exhibition association**
- **Verein Winzerfest Döttingen**
- **Association for the promotion of the business studies centre (WWZ), University of Basel**

4 Environment

The construction and real estate industry contributes significantly to environmental pollution. With its energy requirements, the Swiss building stock accounts for about 30% of national CO_2 emissions and, with 15 million tonnes of construction waste annually, for more than 65% of nationwide waste. With the transformation of the landscape, it also interferes significantly with nature and human habitats. The construction and real estate industry has significant leverage to limit its environmental impact. Thus, it also plays an important role in achieving climate goals. HIAG wants to be a role model in this field and demonstrate responsible use of natural resources.

Important terms:
CO_2e: CO_2 equivalent is a measurement unit aimed at standardising the climate impact of the different greenhouse gases.
Scope 1 emissions: Direct emissions from fuel combustion on site (such as gas or fuel oil).
Scope 2 emissions: Indirect emissions from the generation of purchased energy (e.g. district heat, electricity).
Scope 3 emissions: Indirect emissions that occur in the value chain (e.g. through mobility services).
ERA: Energy reference area according to SIA.

In 2021, HIAG systematically surveyed its own energy requirements and the corresponding greenhouse gas emissions for the first time and split them into the following four categories:

1. **Yielding portfolio operations (electricity and heating/cooling)**
2. **Production of energy for sale**
3. **Electricity requirements for operation of the main offices**
4. **Business trips**

Based on this data, HIAG consistently implements the measures set out in the sustainability goals and is developing guidelines for the certification of new buildings and for the handling of recyclable and circular products. This allows the consumption of resources to be further optimised.

No consumption information is available for the development portfolio.

For the yielding portfolio, consumption data was collected based on billing in accordance with the GHG Protocol's operational control approach and used to calculate the energy needs. Depending on the billing period, the acquisition periods may lie outside the reporting period. The energy conversion was based on data from the Federal Office for the Environment[1]. The mobility data is based on information from mobility providers and expense reports. The consumption data for personal motorised vehicles is based on German sources[2].

Greenhouse gas emissions were determined based on energy data and the energy mix declared by energy suppliers in accordance with the market-based approach. The emissions factors are based on the above-mentioned sources and a publication by treeze Ltd.[3], which take into account the relevant greenhouse gases.

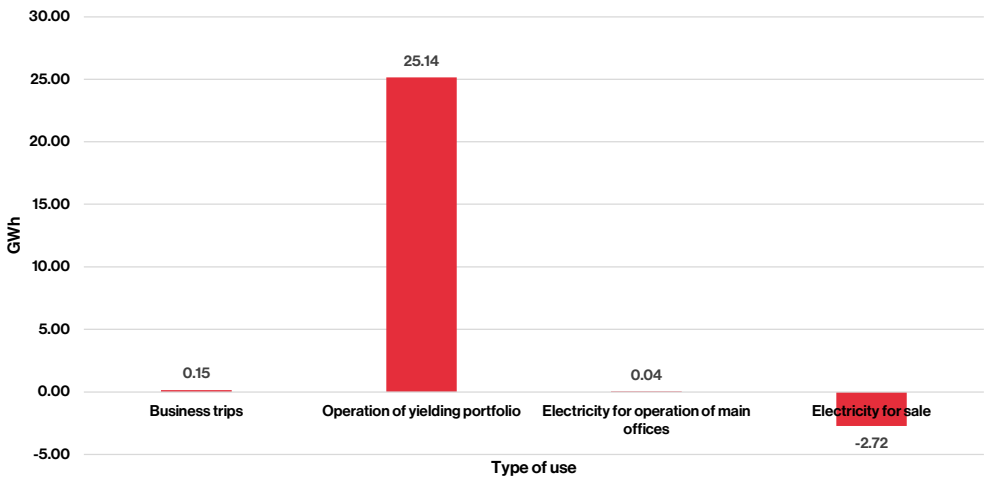
Since Scope 3 emissions could not be split into renewable and non-renewable emissions due to large uncertainties, no distinction was made. The information on Scope 3 emissions also takes into account the production of renewable sources, such as biogas or wood.

[1] https://www.bafu.admin.ch/dam/bafu/de/dokumente/klima/fachinfo-daten/CO2_Emissionsfaktoren_THG_Inventar.pdf.download.pdf/CO2_Emissionsfaktoren.pdf
[2] https://www.umweltbundesamt.de/bild/vergleich-der-durchschnittlichen-emissionen-0
[3] https://treeze.ch/fileadmin/user_upload/downloads/Publications/Case_Studies/Energy/619-GHG_Strom_Fernw%C3%A4rme_v3.0.pdf

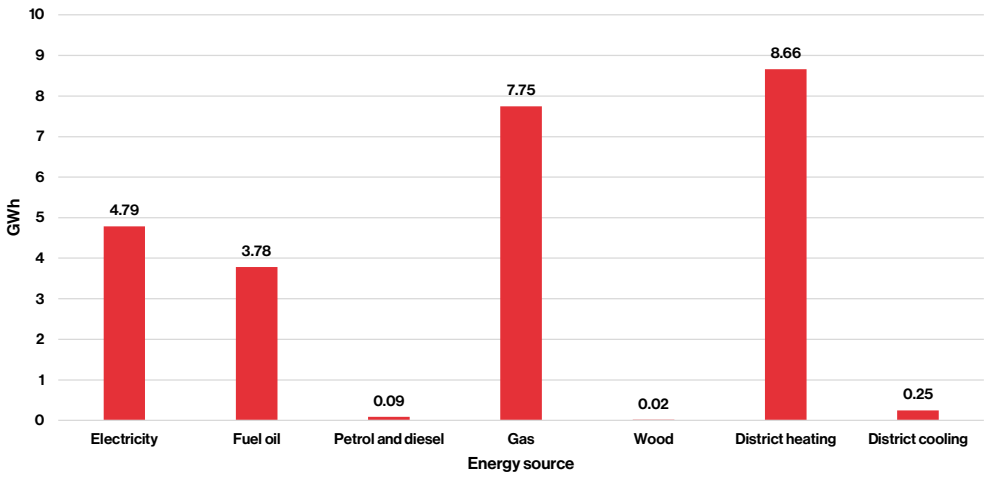
4.1 Energy

Electricity is one of the most important energy sources, along with gas and district heating. Compared with the energy consumption of the yielding properties, the energy consumption involved in operation of the main offices and for business trips is negligible.

Energy requirements 2021 by use, in GWh:

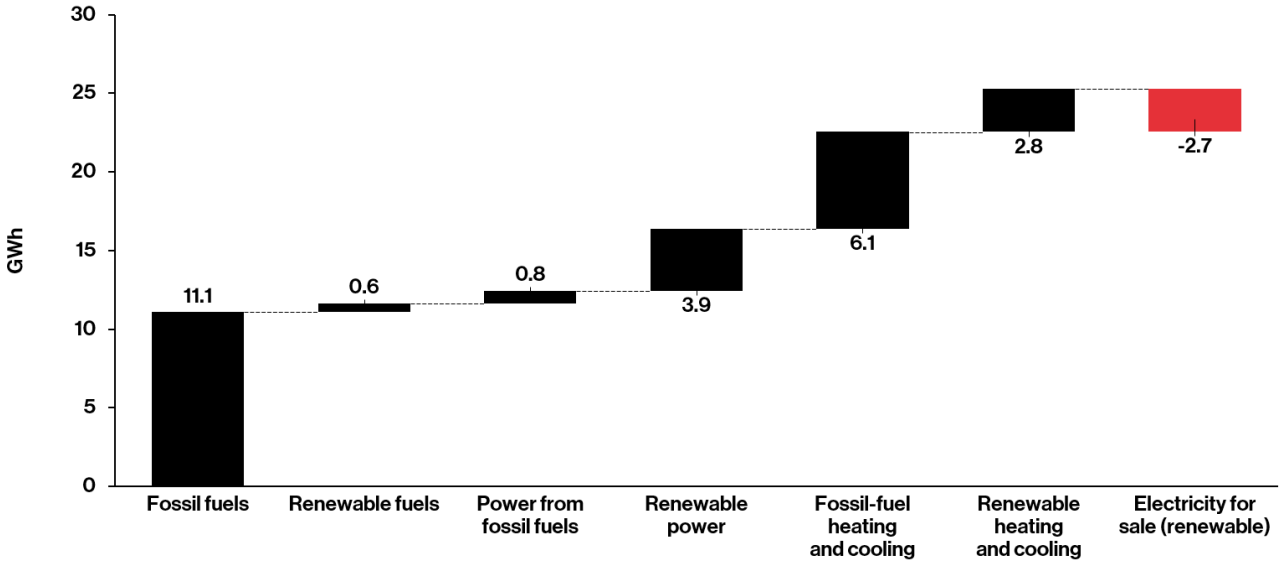


Energy sources 2021 for operation of the yielding portfolio, business trips and electricity at the main offices, in GWh:



The share of renewables in the energy mix is 29%. The non-renewable share of district heating is based mainly on waste heat from nuclear power plants (100% non-renewable) and MSWIs (50% renewable). Electricity for sale includes 100% of the electricity from the joint venture HIAG Solar AG (HIAG share: 49%).

Fossil fuel and renewable energy consumption 2021 for the yielding portfolio, business mobility and electricity at the main offices, in GWh:



Detailed energy requirements of the yielding portfolio:

Yielding portfolio	Heating/cooling			Electricity		
	GWh	% renewable	kWh / m² EBF	GWh	% renewable	kWh / m² EBF
Industry	5.2	4%	39.9	0.4	100%	3.4
Logistics	1.5	39%	32.1	2.4	67%	51.0
Office	1.6	42%	38.7	1.1	99%	27.7
Other	0.0	100%	6.9	0.0	97%	9.0
Residential mixed	3.2	1%	115.3	0.1	100%	5.0
Residential	4.9	15%	98.2	0.3	91%	5.3
Retail	4.1	27%	72.2	0.3	100%	5.6
Total	**20.4**	**16%**	**57.7**	**5.0**	**83%**	**13.2**

Detailed energy requirements for business trips:

	Energy used (MWh)	% renewable	Consumption (kWh/km)
Plane	0	-	-
Car-sharing (Mobility)	8	0%[1]	0.8
Employee private vehicle	69	0%[1]	0.8
HIAG vehicles	16	0%[1]	0.8
Public transport	56	90%	0.2
Total	**149**	**34%**	**0.4**

Detailed energy requirements from electricity consumption to operate the main offices:

Location	Electricity		
	MWh	% renewable	MWh / FTE
Basel	25.0	100%	1.5
Zurich	11.0	100%	0.7
Geneva	4.0	100%	0.5
Total	**39.0**	**100%**	**1.0**

Power production

With the objective of reducing consumption of non-renewable energy in the yielding portfolio and greenhouse gas emissions, HIAG concentrates on its own production of renewable energy in addition to energy-focused renovation projects and the installation of energy-efficient equipment.

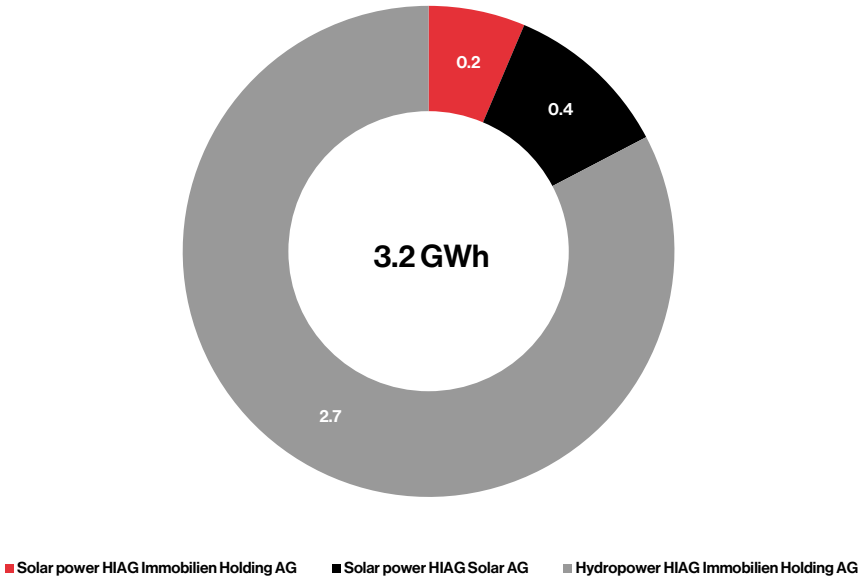
In order to leverage the enormous potential for generation of solar power on the roofs of its own properties, HIAG set up the joint venture HIAG Solar AG in 2021 with aventron, an established Swiss producer of renewable electricity, in which HIAG holds a 49% stake. HIAG's goal is to become a significant solar power producer in Switzerland in the medium term.

HIAG currently makes a total of 140,000 m² of roof space available to the joint venture. As at 31 December 2021, three facilities with an output of 923,75 kWp were in the grid. Another six units totalling 2 MWp will be put into operation by mid-year. By the end of the year, another three units with 1.7 MWp are planned. Our target output is about 6 MWp by 2024.

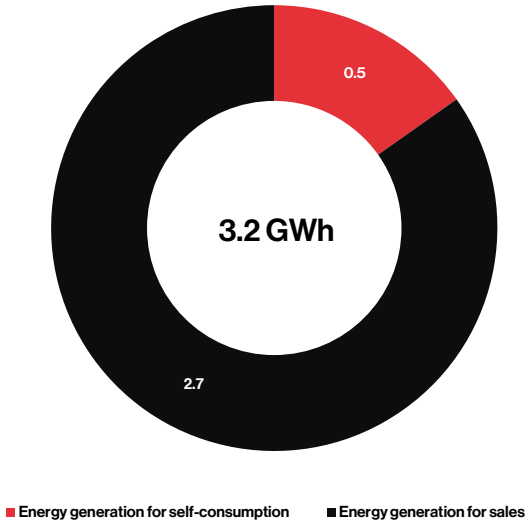
In order to use the solar power produced by HIAG Solar efficiently, purchase agreements in the form of green lease contracts were concluded with tenants on HIAG sites with solar energy production.

In addition to HIAG Solar's large solar panels, individual, smaller photovoltaic facilities and historic hydroelectric power plants are also in operation. A total of 3.2 GWh of renewable electricity was produced in 2021, equivalent to the annual use of more than 900 average Swiss households. As a result of prolonged maintenance work on the hydroelectric power plants at the sites in Biberist (production down 68% compared with 2020) and Diesbach (production down 60% compared with 2020), this value is lower than in the previous year despite the commissioning of new units.

Production of renewable electricity 2021, in GWh:



Share of energy sold from the production of HIAG Immobilien Holding AG and HIAG Solar AG, in GWh

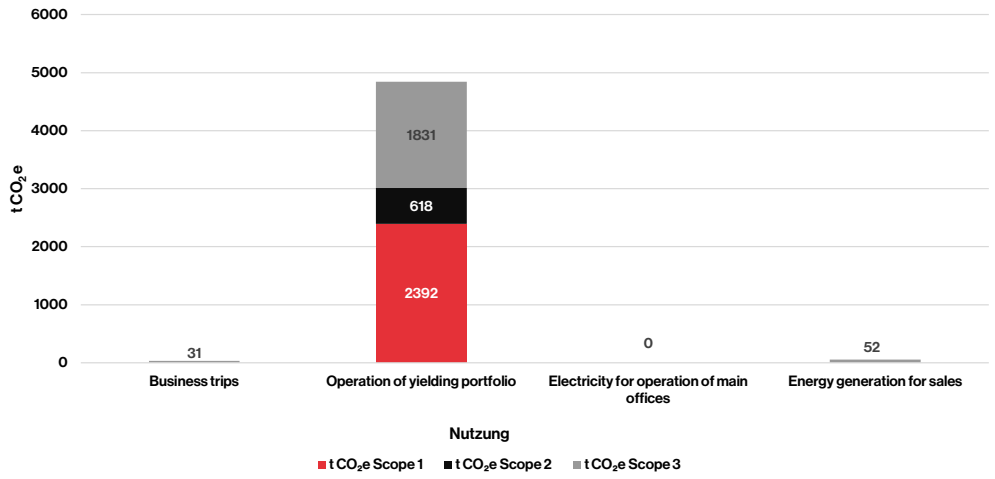


4.2 Climate change

In addition to various emission sources, HIAG also has valuable carbon sinks of its own with extensive, sustainably managed forests and farmland. The just under 14 ha of forest areas sequester about 83 tons of CO_2 annually, based on the assumption[4] that 6 tons of CO_2 are sequestered per hectare per year.

HIAG wants to help protect the climate. Greenhouse gas emissions were thus calculated for the first time in this report, in accordance with the categories defined on page 333.

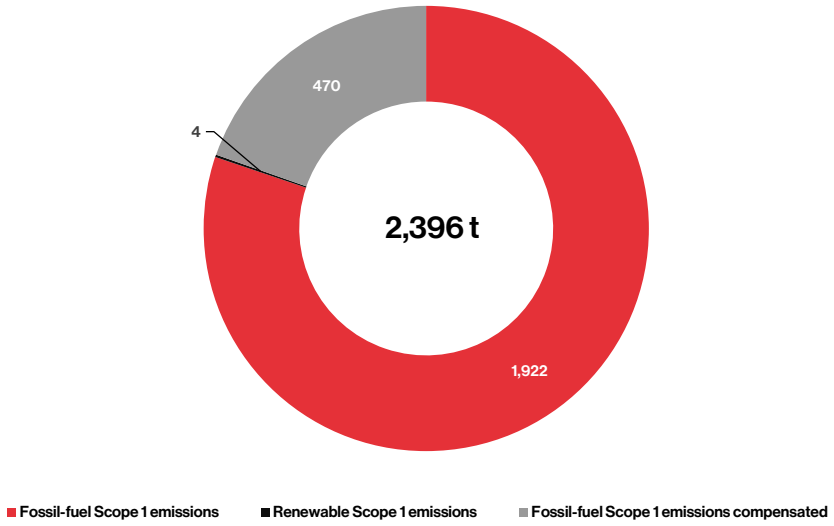
Greenhouse gas emissions by energy source in tons of CO_2e:



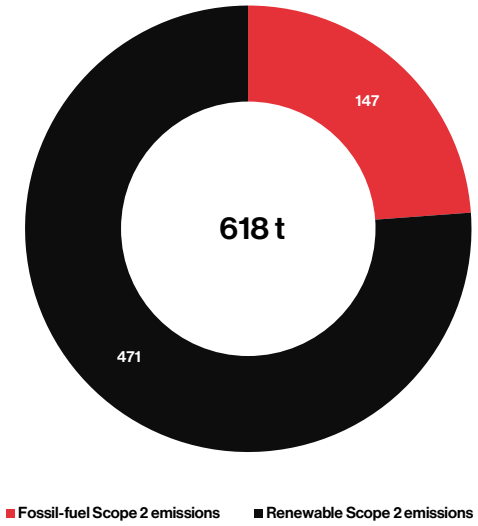
[4] https://www.wald.de/waldwissen/wie-viel-kohlendioxid-co2-speichert-der-wald-bzw-ein-baum/

Sustainability Report 2021

Scope 1 emissions 2021 in t CO_2e:



Scope 2 emissions 2021 in t CO_2e:



The calculated key figures are based on the suppliers' energy mix (market-based). HIAG's purchased energy consumption has significantly lower CO_2 emissions compared with the national average (location-based).

Comparison of market-based approach and location-based approach:

Portfolio	Energy source	CO_2e emissions/kWh sourced from HIAG (market-based)	CO_2e emissions/kWh national average (site-related)
Scope 2	District heating	71.1g	115.3g
	Electricity	0.5g	149.7g

Detailed greenhouse gas emissions linked to electricity requirements of the yielding portfolio:

	Scope 1: kg CO_2e	Scope 2: kg CO_2e	Scope 1+2: kg CO_2e	Scope 1+2: g CO_2e/kWh	Scope 3: kg CO_2e	Scope 3: g CO_2e/kWh
Fossil fuel	0	23	23	0.00	35,374	7.5378
Biogen	0	2,165	2165	0.46	-	-
Total	**0**	**2,187**	**2187**	**0.47**	**35,374**	**7.5378**

Detailed greenhouse gas emissions linked to heating/cooling requirements of the yielding portfolio:

	Scope 1: t CO_2e	Scope 2: t CO_2e	Scope 1+2: t CO_2e	Scope 1+2: kg CO_2e/m^2 EBF	Scope 3: t CO_2e	Scope 3: kg CO_2e/m^2 EBF
Fossil fuel	2,387	471	2858	8.06	1,795	5.06
Biogen	4	145	150	0.42		
Total	**2,392**	**616**	**3,008**	**8.47**	**1,795**	**5.06**

Detailed greenhouse gas emissions linked to electricity requirements of the main offices:

	Scope 2: kg CO_2e	Scope 2: kg CO_2e/FTE	Scope 3: kg CO_2e
Basel	5.4	0.3	98.0
Zurich	1.4	0.1	50.0
Geneva	0.8	0.1	14.5
Total	**7.5**	**0.2**	**162.4**

Detailed greenhouse gas emissions linked to business trips:

	Scope 1: t CO_2e	Scope 3: t CO_2e	Scope 1+3 kg CO_2e/km
Plane	-	-	-
Car-sharing (Mobility)	-	2.6	0.25
Employee private vehicle	-	21.8	0.25
HIAG vehicle	4.5	0.8	0.25
Public transport	-	1.3	0.01
Total	**-**	**26.4**	**0.07**

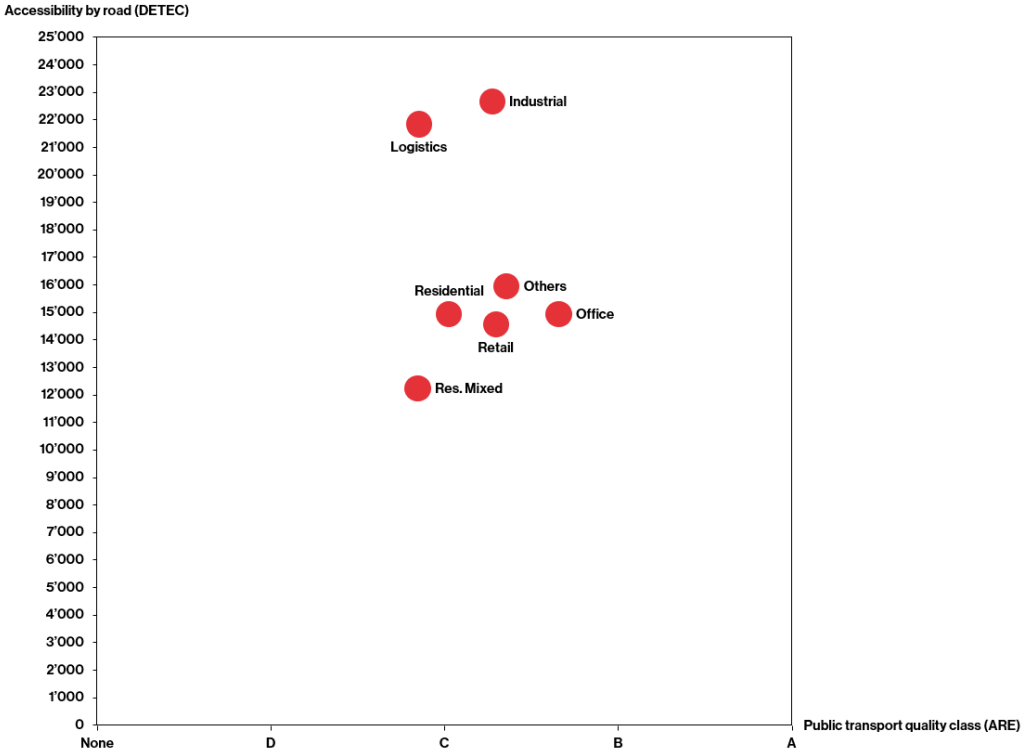
4.3 Mobility

The development of mobility increases the attractiveness of the sites and ensures the success of HIAG's development projects. With holistic mobility concepts, negative effects such as poor accessibility or noise emissions can be reduced or prevented.

Creation of a sufficient number of parking spaces for bicycles and provision of efficient charging stations for electric vehicles are a consistent part of the planning process for development projects and carried out wherever possible. Where necessary, HIAG optimises site accessibility with innovative solutions from third-party providers, such as car-sharing services.

HIAG regularly analyses the accessibility of its sites using the "public transport quality class" and "accessibility by road" indicators surveyed by the federal government. The results are continuously incorporated into the planning and optimisation of mobility concepts.

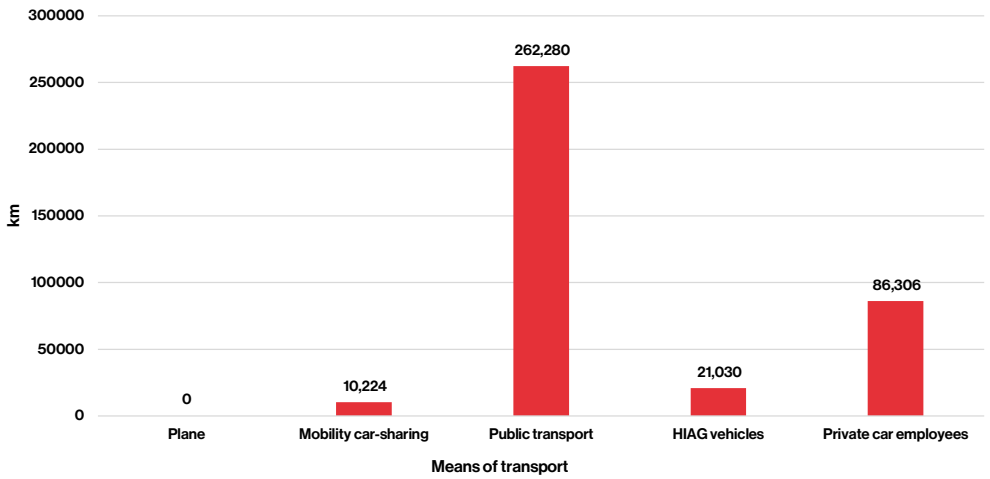
Analysis of site accessibility by type of use:



HIAG has a structured mobility management system and promotes the use of public transport. Employees who need to travel frequently receive general or half-fare travelcards. In addition, all employees have access to the Mobility car-sharing system.

Most business trips are made using public transport. In addition to cost savings and efficiency gains, this also reduces the negative environmental impact.

Business trips 2021 by means of transport:



4.4 Construction and resource use

When developing its sites, HIAG ensures that existing buildings are incorporated. Thus, the sites' character and historical identity are preserved, and large amounts of waste and grey energy can be avoided.

With its Codes of Conduct for Employees and Business Partners, HIAG is attentive to the careful management of natural resources.

For example, between 15,000 and 20,000 m^3 of recycled gravel base was used in the construction of Doka Switzerland's new office building in Niederhasli, which was completed in 2021. A further 1000 m^3 of concrete from the old building fabric was given to a recycling expert, and 3,350 tonnes of contaminated excavation material was professionally cleaned.

One example of the circular economy in action is the sale and planned dismantling of an industrial production plant and building on HIAG's Pratteln site in 2021. The plant and its building will be rebuilt and commissioned by the new owner at a location in the UK.

In order to protect resources in terms of property maintenance, the properties are periodically checked and upgraded if necessary.

In the past business year, the water consumption of yielding properties was evaluated for the first time using the operational control approach. With the exception of a remote farm, all properties are connected to the sewage system, so that wastewater can be properly treated. In order to preserve the water treatment infrastructure, most properties have dual wastewater pipes for meteoric and brown water. In addition, water retention areas feed meteoric water into the groundwater and help to to reduce power peaks and relieve the local infrastructure during intense precipitation.

Water consumption by type of site use:

Type of use	Water consumption in m³	
	absolute	per m² EBF
Industrial	4,388	0.034
Logistics	7,388	0.159
Office	14,510	0.352
Other	661	0.205
Residential mixed	11,098	0.402
Residential	36,330	0.712
Retail	9,485	0.168
Total	**83,860**	**0.236**

An indicator of resource efficiency is the share of certified properties in the portfolio. As at 31 December 2021, there were five certified buildings in HIAG's portfolio. These five properties account for 13% of the total value of the yielding portfolio. Based on the existing development pipeline, this number will continue to rise in the coming years.

Overview of certified properties in the yielding portfolio:

Object	Type of use	Certificate
Spinnereistrasse 10A-10E, 5210 Windisch	Residential	Minergie Neubau (AG-4388)
Spinnereistrasse 12A, 12B, 5210 Windisch	Residential	Minergie Neubau (AG-4390)
Spinnereistrasse 14A, 14B, 5210 Windisch	Residential	Minergie Neubau (AG-4389)
Route du Nant-d'Avril 150, 1217 Meyrin	Office	Minergie Sanierung (GE-1755)
Route du Nant-d'Avril 154, 1217 Meyrin	Office	Minergie Neubau (GE-1417)

4.5 Biodiversity

Biodiversity was added to the list of material topics in the reporting year. HIAG wishes to seize opportunities to reverse the loss of biodiversity.

With the redevelopment and redesign of sites that have already been developed, HIAG bolsters the densification of residential areas in Switzerland as intended by the federal government and helps preserve undeveloped, natural habitats. During project development and as part of its regular construction procedures, HIAG checks the feasibility of projects and the nature conservation requirements.

Some important biodiversity measures undertaken include the creation of roof biotopes at "The Hive" campus in Meyrin in 2020, and the optimisation of the rebuilt fish pass in Biberist in 2021 with a length of more than 300 metres. At the Kleindöttigen site, HIAG has provided "BirdLife" with a land parcel of just under 0.5 ha intended for ecological enhancement and environmental education for a symbolic CHF 1 per year since 2017. In addition, the forests and agricultural land included in the portfolio are naturally sustained and provide valuable habitats for people and animals.

HIAG's portfolio contains numerous, extensive biodiversity hotspots totalling about 32 ha. Most are outside the building zone and provide attractive recreational areas for tenants with a positive impact on the character of the sites.

Our proactive approach to documentation integrates usage restrictions into the development plans from the very beginning. This saves time and contributes to the appropriate management of these areas.

An overview of our valuable biodiversity hotspots is available online:

https://www.hiag.com/media/gyjc1f3f/20220314_wertvolle-biodiversitaetsflaechen-hiag2021.pdf

5 Transparency and fair competition

As a reliable company that works in the interest of its shareholders and other stakeholders, HIAG focuses on responsible management, effective data protection, transparency, reputation and long-term economic performance.

To ensure this, HIAG complies with legal requirements and has also taken additional, voluntary measures. Through transparent, proactive communication and regular dialogue with stakeholders, HIAG helps to develop a better understanding of its business model and builds trust in the company and its representatives. HIAG's standards of professionalism and honesty, as well as fair competition, are set out in the Codes of Conduct, compliance with which is monitored by HIAG's General Counsel.

HIAG's risk management and internal control system ensures awareness of all relevant risks and initiates appropriate measures. In business year 2021, sustainability issues (ESG) were included in the risk assessment for the first time. To ensure sustainable economic performance, HIAG is investing in the future, working systematically and maintaining efficient cost management.

In terms of compliance with laws and regulations in business year 2021, it can be stated:

- **no confirmed cases of corruption in connection with our work,**
- **no legal proceedings under public law in connection with corruption were initiated against HIAG or HIAG employees during the reporting period,**
- **no pending legal proceedings were initiated in the reporting period due to anti-competitive behaviour or violations of anti-trust and monopoly law involving HIAG,**
- **no breaches of regulations and voluntary Codes of Conduct in connection with product and service information or labelling,**
- **no breaches of regulations and voluntary Codes of Conduct in connection with marketing and communication, including advertising, sales promotion and sponsorship,**
- **no evidence of data loss or theft, and no complaints received in relation to breaches of client data protection,**
- **no fines or non-monetary sanctions imposed on HIAG for non-compliance with laws and regulations in the social and economic sphere.**

Since the current processes for ensuring responsible management and transparency, data protection, reputation and long-term economic performance are proving effective and there are no known complaints, HIAG sees no need to significantly change its methods. However, minor adjustments and optimisations are continuously reviewed and implemented as part of daily business.

6 Membership of associations and stakeholder groups

During business year 2021, HIAG was a member of the following associations and stakeholders:

- Chamber of Commerce & Industry, Aargau
- Association Praille-Grosselin
- Club de Bâle
- Creditreform
- Diesbachkorporation
- Entwicklung Schweiz
- European Public Real Estate Association (EPRA)
- Geschäftsberichte-Symposium AG
- Gewerbeverband Basel-Stadt
- Geverbeverein Wetzikon
- Chamber of Commerce, Glarus
- Handel Schweiz
- Chamber of Commerce, Basel-Stadt and Basel-Landschaft
- HEV Hauseigentümerverband Dietikon-Urdorf
- HEV Wetzikon and surrounding area
- IG Kleinwasserkraft Glarnerland
- IG Silbern Dietikon
- IR Club Schweiz
- Kunsthalle Basel
- Runsenkorporation Betschwanden
- St. Gallen Symposium
- St. Galler Juristenverein
- Statistisch-Volkswirtschaftliche Gesellschaft
- SVIT Basel-Stadt and Basel-Land
- SVIT KUB
- Swiss Circle AG
- Swiss Lean Construction Institute
- Swiss Small Hydro
- The Branch
- umnutzer.ch
- Verein Geothermische Kraftwerke Aargau
- Verein Wirtschaftsregion ZUGWEST
- VIS (Swiss real estate association)

Corporate Governance

1 Principles

This Corporate Governance Report contains the information required as per the SIX Swiss Exchange Directive on Information relating to Corporate Governance (RLCG) and follows essentially the same structure. Unless indicated otherwise, the information in this report is as at 31 December 2021. The principles and rules of corporate governance are set out in the Articles of Incorporation and the Organisational Rules. Special emphasis is placed on the Codes of Conduct, in which HIAG expressly commits to comprehensive integrity and compliance with the law and all other external and internal regulations. HIAG expects its employees, business partners and their subcontractors to take responsibility for their actions, show consideration for people, society and the environment, comply with applicable rules, behave with integrity and report any compliance violations. The documents can be downloaded at the following link:

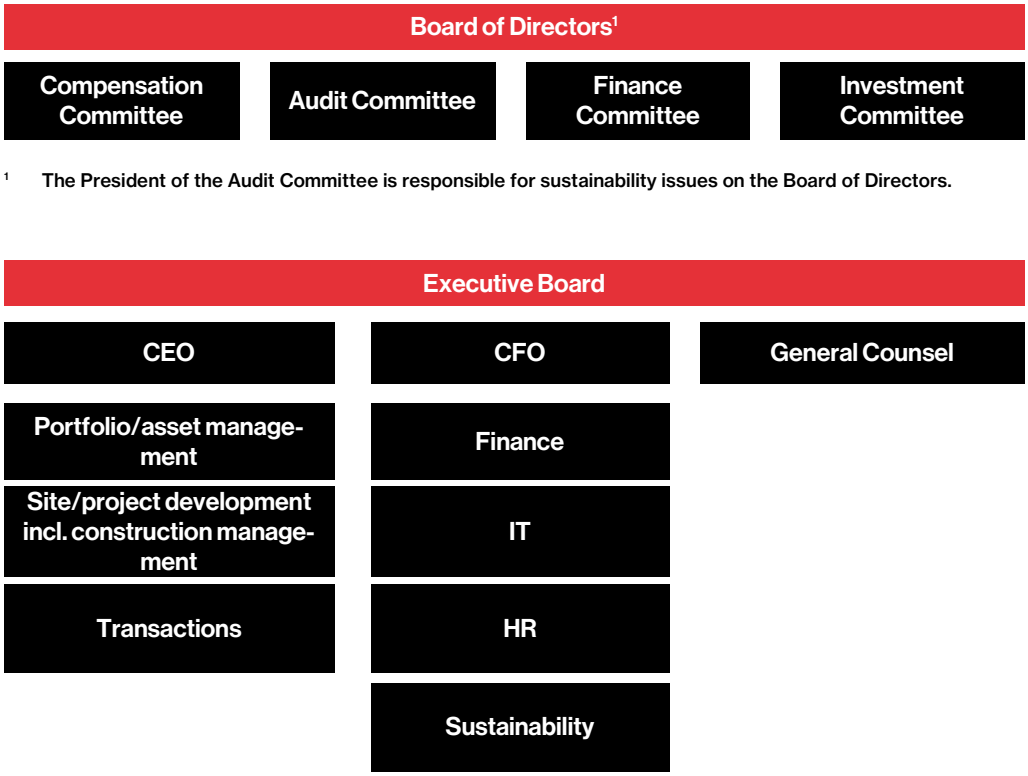
https://www.hiag.com/en/investors/corporate-governance/further-information/

2 Group structure and shareholders

2.1 Group structure

2.1.1 Operational group structure (management structure)

The following organisational chart shows the operational group structure as at 31 December 2021.



[1] The President of the Audit Committee is responsible for sustainability issues on the Board of Directors.

The overall supervision of the HIAG Group is ensured by the Board of Directors. The Executive Board is composed of the CEO, CFO and General Counsel. The operational management of the HIAG Group is entrusted to the CEO. The CFO is responsible for the finance, risk management, IT and HR departments, and implementation of the sustainability strategy (ESG). The General Counsel is in charge of the legal and regulatory affairs of the HIAG Group.

2.1.2 Listed companies

HIAG Immobilien Holding AG is the parent company of the HIAG Immobilien Group

Company	HIAG Immobilien Holding AG
Registered office	Basel, Switzerland
Listing	SIX Swiss Exchange, Zurich
Stock market capitalisation 31 December 2021	CHF 961.4 million
Symbol	HIAG
Valor	23,951,877
ISIN	CH0239518779

The key figures concerning HIAG Immobilien Holding AG shares can be found under "Share information" in this Annual Report on page 154.

2.1.3 Non-listed companies

With the exception of HIAG Immobilien Holding AG, the scope of consolidation includes only non-listed companies. The subsidiaries that fall under the Group's scope of consolidation are listed in the Notes to Consolidated Financial Statements on page 87 with their headquarters, share capital and extent of interest.

2.2 Shareholders

As at 31 December 2021, 998 shareholders (previous year: 908) with voting rights were registered in the HIAG Immobilien Holding AG shareholder register. Of the total number of shares issued, 0.33% (previous year: 0.51%) were treasury shares held by HIAG Immobilien Holding AG.

The distribution of shares as at 31 December 2021 was as follows:

Number of registered shares	Registered shareholders		Registered shares		Non-regitered shares		Total number of shares issued
	Number	%	Number	% issued shares	Number	% issued shares	
1 to 100	305	30.6%	15,162	0.1%	–	–	–
101 to 1,000	458	45.9%	170,269	1.7%	–	–	–
1,001 to 10,000	167	16.7%	572,445	5.7%	–	–	–
10,001 to 100,000	57	5.7%	1,615,194	16.0%	–	–	–
100,001 to 1,000,000	10	1.0%	2,451,816	24.2%	–	–	–
1,000,001 and over	1	0.1%	4,432,771	43.8%	–	–	–
Total number of registered shareholers/shares	**998**	**100.0%**	**9,257,657**	**91.5%**	**–**	**–**	**–**
Total number of non-registered shares	–	–	–	–	861,943	8.5%	–
Total	**–**	**–**	**9,257,657**	**–**	**861,943**	**–**	**10,119,600**

Number of registered shares	Registered shareholders		Registered shares	
	Number	%	Number	%
Natural persons	755	75.7%	642,907	6.9%
Legal persons	68	6.8%	6,069,312	65.6%
Pensions funds	77	7.7%	1,190,021	12.9%
Insurance companies	10	1.0%	95,038	1.0%
Funds	44	4.4%	854,903	9.2%
Other foundations	21	2.1%	190,064	2.1%
Banks	15	1.5%	55,647	0.6%
Public corporations	8	0.8%	159,765	1.7%
Total	**998**	**100.0%**	**9,257,657**	**100.0%**
Switzerland	903	90.5%	9,010,738	97.3%
Europe (excluding Switzerland)	86	8.6%	211,818	2.3%
North America	6	0.6%	31,884	0.3%
Other countries	3	0.3%	3,217	0.0%
Total	**998**	**100.0%**	**9,257,657**	**100.0%**

Source: SIX Exchange Regulation/Significant shareholders

2.2.1 Significant shareholders as at 31 December 2021

According to the information available to the Board of Directors, the following shareholders held 3% or more of the share capital and voting rights of HIAG Immobilien Holding AG as at the balance sheet date.

Shareholder	Number of shares	Voting rights	Source
Shareholder groups[1] composed of:	5,318,808	63.7%	Communication 18.11.21
SFAG Holding AG			
HIAG Beteiligung Holding AG[2]			
Grisgros AG[3]			
Senft AG[4]			
UBS Fund Management CH AG	448,350	5.3%	Communication 15.09.21

Between 1 January 2021 and 31 December 2021, the following changes were disclosed and published on the SIX Exchange Regulation website:

Incurrence of the obligation to notify	Shareholders	Triggering event	Participation
11/11/2021	Shareholder groups[1] composed of:	Change of registered office of Grisgros AG	63.7%
	SFAG Holding AG		
	HIAG Beteiligung Holding AG[2]		
	Grisgros AG[3]		
	Senft AG[4]		
06/09/2021	UBS Fund Management CH AG	Purchase	5.3%

[1] The members of this shareholder group signed a shareholders' agreement on 14 April 2014 concerning shares of SFAG Holding AG. On signature of this shareholder agreement, the shareholders of SFAG Holding AG and SFAG Holding AG became a group within the meaning of Art. 121 FINMA Stock Exchange Ordinance.
[2] HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard.
[3] Grisgros AG is controlled by Andrea Grisard.
[4] Senft AG is controlled by Salome Grisard.

The disclosure notifications made to HIAG Immobilien Holding AG and SIX Swiss Exchange AG concerning shareholder participations in HIAG Immobilien Holding AG are published on the electronic SIX Swiss Exchange AG publication platform and can be retrieved using the search screen via the following link:

https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html/

2.3 Shares of unregistered owners

At 31 December 2021, shares of unregistered owners amounted to 8.52% (previous year: 7.61%) of total issued shares.

2.4 Cross-shareholdings

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

3 Capital structure as at 31 December 2021

3.1 Capital

In CHF	31/12/2021	31/12/2020	31/12/2019
Ordinary share capital (nominal)	10,119,600	8,433,000	8,050,000
Authorised share capital (nominal)	1,230,400	1,217,000.00	1,217,000
Conditional share capital (nominal)	350,000	350,000.00	350,000
Own Treasury shares	33,767	42,942	49,915

3.2 Approved share capital

The rules governing approved share capital are laid out in Art. 3a and Art. 3c of the Articles of Incorporation.

Art. 3a **The Board of Directors is entitled to increase the share capital of the company by a maximum of CHF 1,217,000 by issuing a maximum of 1,217,000 fully paid up registered shares with a nominal value of CHF 1.00 each until 23 April 2022. The increase can be made by firm underwriting and/or in instalments. The Board of Directors is authorised to determine the issuing price of the shares, the type of contribution and the date of dividend entitlement. The new registered shares are subject to registration restrictions as per Art. 5 of the Articles of Incorporation after acquisition.**

Art. 3c **The Board of Directors is entitled to increase the share capital by a maximum of CHF 13,400 by issuing a maximum of 13,400 fully paid up registered shares with a nominal value of CHF 1.00 each at any time until 29 September 2023. The increase can be made by firm underwriting and/or instalments. The issuing price, date of dividend entitlement and type of contribution are determined by the Board of Directors. The Board of Directors may allow subscription rights that have not been exercised to expire, or it may place shares on the market for which subscription rights have been granted but not exercised. The new registered shares are subject to registration restrictions as per Art. 5 of the Articles of Incorporation after acquisition.**

The exact wording of the provisions of the Articles of Incorporation on approved share capital can be found in the Articles of Incorporation of HIAG Immobilien Holding AG and downloaded from the HIAG website via the following link:

https://www.hiag.com/en/investors/corporate-governance/further-information/

3.3 Conditional share capital

The rules governing conditional share capital are laid out in Art. 3b of the Articles of Incorporation:

Art. 3b **As per Art. 3b of the Articles of Incorporation, the share capital of the company shall be increased by a maximum of CHF 350,000 by issuing a maximum of 350,000 fully paid up registered shares with a nominal value of CHF 1.00 resulting from the exercising of option rights or similar rights, to which employees, members of the Board of Directors and the Executive Board of the company and its subsidiaries are entitled within the framework of employee stock option plans. The Board of Directors draws up the corresponding employee stock option plans in coordination with the Compensation Committee.**

The exact wording of the provisions of the Articles of Incorporation on conditional capital can be found in the Articles of Incorporation of HIAG Immobilien Holding AG and downloaded from the HIAG website via the following link:

https://www.hiag.com/en/investors/corporate-governance/further-information/

3.4 Changes in capital

The creation of approved share capital was decided at the Extraordinary General Meeting on 29 September 2021. A total of 1,686,600 registered shares with a nominal value of CHF 1.00 each were issued in the course of the approved share capital increase as at 16 November 2021. The existing share capital rose by CHF 1,686,600 from CHF 8,433,000 to CHF 10,119,600 due to the capital increases.

HIAG Immobilien Holding AG's share capital has changed over the last three years as follows:

	Number of registered shares	Nominal value per share in CHF	Nominal value in CHF
Share capital, issued and fully paid, as at 31 December 2019	8,050,000	1.00	8,050,000
Share capital, issued and fully paid, as at 31 December 2020	8,433,000	1.00	8,433,000
Share capital, issued and fully paid, as at 31 December 2021	10,119,600	1.00	10,119,600

Statutory reserves (general reserves)	in TCHF
31 December 2019	1,610
31 December 2020	1,610
31 December 2021	1,610

Statutory reserves (reserves from capital contributions)	in TCHF
31 December 2019	3,335
31 December 2020	35,890
31 December 2021	184,782

Freely distributable reserves	in TCHF
31 December 2019	108,000
31 December 2020	108,000
31 December 2021	–

Accumulated loss / profit	in TCHF
31 December 2019	-63,696
31 December 2020	-74,061
31 December 2021	18,703

3.5 Shares, participations and dividend rights certificates

HIAG Immobilien Holding AG's share capital is fully paid up and amounts to CHF 10,119,600. It comprises 10,119,600 registered shares with a nominal value of CHF 1.00 each. Each registered share entitles its bearer to a vote and to dividends. Paragraph 7 on page 68 contains information about voting rights. There are no preferential rights or similar rights.

As at 31 December 2021, no participation certificates or dividend rights certificates had been issued.

3.6 Transferability restrictions and nominee registrations

The Board of Directors maintains a shareholder register, in which the name, address, nationality and, for legal entities, the headquarters of owners, beneficiaries and nominees are entered. Only shareholders, beneficiaries or nominees that are entered in the shareholder registry are recognised in relation to the company. Share purchasers are entered into the shareholder register on request as shareholders with voting rights if they expressly declare that these shares were purchased in their own name and on their own behalf. Art. 685d para. 3 of the Swiss Code of Obligations (OR) remains reserved. Persons who do not expressly declare in the registration request that they hold the shares on their own behalf (hereafter referred to as "Nominees") are entered in the shareholders register with voting rights up to a maximum of 2% of the share capital entered in the commercial register. Beyond this limit, shares of nominees are registered with voting rights only if the nominee in question discloses the name, address, nationality and number of shares of the persons on whose account he or she holds 0.5% or more of the equity capital entered in the commercial register. Nominees who are affiliated by capital or votes, through common management or otherwise, or who are acting together with a view to circumvention of the regulations concerning nominees are considered to be one nominee. The Board of Directors can refuse the registration of a shareholder, beneficiary or nominee if registration would lead to the impossibility of obtaining the legally required proof of the composition of the group of shareholders as per the federal law on the acquisition of real estate by persons abroad (BewG) due to recognition of the buyer. The company may strike entries from the shareholder register after hearing from the party concerned, if the entries were made on the basis of false declarations. The purchaser must be informed immediately should any entries be struck.

3.7 Convertible bonds and options

As at 31 December 2021, no convertible bonds or options were outstanding.

4 Board of Directors

The functions of HIAG Immobilien Holding AG's Board of Directors comply with the Swiss Code of Obligations (OR), the Articles of Incorporation and the Organisational Rules of the company. These documents are available for download via the following link:

https://www.hiag.com/en/investors/corporate-governance/further-information/

4.1 Members of the Board of Directors

As per Art. 15 of the Articles of Incorporation, HIAG Immobilien Holding AG's Board of Directors is composed of a minimum of three and a maximum of nine members. As at 31 December 2021, the Board of Directors comprised six members, all of whom are non-executives with the exception of General Counsel Dr. Jvo Grundler. All other members did not work as executives for the HIAG Group in the three years before the

reporting period and are independent within the meaning of economiesuisse's Swiss Code of Best Practice for Corporate Governance, and in particular there are no significant business relationships with the HIAG Group. All members of the Board of Directors hold Swiss citizenship.

The following table offers an overview of the composition of HIAG Immobilien Holding AG Board of Directors as at 31 December 2021. All members are elected until the end of the next Ordinary General Meeting.

Name	Nationality	Year of birth	Function	Assumption of office	Executive	Independent
Dr. Felix Grisard	Swiss	1968	President Investment Committee (President) Audit and Finance Committee	2009	no	yes[1]
Balz Halter	Swiss	1961	Vice President[2] Compensation Committee (President) Audit and Investment Committee	2019	no	yes
Salome Grisard Varnholt	Swiss	1966	Member Compensation Committee (President)	2009	no	yes
Dr. Jvo Grundler	Swiss	1966	Member	2017	yes	no
Dr. Christian Wiesendanger	Swiss	1964	Member Finance Committee (President)	2021	no	yes
Anja Meyer	Swiss	1967	Member[3] Investment Committee	2021	no	yes

[1] Interim CEO from 29 April to 31 December 2019
[2] Since the Ordinary General Meeting on 22 April 2021
[3] Since the Extraordinary General Meeting on 29 September 2021

Education and professional activities

The following table discloses important information about the education, professional experience, mandates outside the HIAG Group and other important activities of members of the Board of Directors (as at 31 December 2021).

Dr. Felix Grisard
President of the Board of Directors

Education:
lic. oec. HSG, Dr. oec. HSG, University of St. Gallen, OPM Harvard Business School

Professional background

2002 to 2010	HIAG Group CEO
1998 to 2001	HIAG Group COO
1996 to 1996	Boston Consulting Group

Previous activities for the HIAG Holding Group

2019	Interim CEO from 29 April to 31 December 2019
2002 – 2010	CEO
1999 to 2001	COO

Activities on executive or supervisory boards
President of the Board of Directors of HIAG Beteiligung Holding AG, Basel, Member of the Board of Directors of Botiss Medical AG, Berlin, Member of the Board of Directors of Ultra-Brag AG, Basel, Member of the Board of Directors of SFAG Holding AG, Basel, President of the Board of Directors of MTIP AG, Basel, President of the Foundation Board of the HIAG Group's Welfare Fund, Baar, President of the Foundation Board of HIAG Immobilien Schweiz AG's Pension Fund, Zug, Member of the Advisory Board of the University of St. Gallen

No significant business relationships with HIAG Immobilien Holding AG or any of its group companies

Balz Halter
Vice President of the Board of Directors

Education:
Dipl. Bau-Ing. ETH Zurich, lic. iur. University of Zurich, Stanford Executive Program, USA

Professional background

1986 to 2009	President of the Board of Directors and CEO of Halter AG, Zurich

Activities on executive or supervisory boards
President of the Board of Directors of Halter Holding AG and Halter AG, Zurich, President of the Board of Directors of mivune AG, Zurich

No operational leadership responsibilities for HIAG Immobilien Holding AG or any of its group companies in the three business years before the reporting period
No significant business relationships with HIAG Immobilien Holding AG or any of its group companies

Corporate Governance

Dipl Arch. ETH
Salome Grisard Varnholt
Member of the
Board of Directors

Education:
Dipl. Architektin ETH / SIA, Zurich

Professional background

1999 to today	grisard'architektur architectural firm, Zurich
1999 to 2011	Assistant to Prof. Dominique Perrault, ETH Zurich
1995 to 1998	Burkhard Meyer, Baden
1991 to 1994	Herzog & de Meuron, Basel, Richter & Dahl Rocha, Lausanne

Activities on executive or supervisory boards

President of the Board of Directors of SFAG Holding AG, Basel, President of the Board of Directors of Senft AG, Engelberg, President of the Pension Fund Foundation of Senft AG, Engelberg, Member of the Board of the Association "Kids of Africa", Zurich, President of the Board of Directors of grisard'architektur AG, Zurich, Member of the Board of Directors of Schauspielhaus Zurich AG, Vice President of the Board of Trustees of the Swiss Architecture Museum, Basel-Stadt

No operational leadership responsibilities for HIAG Immobilien Holding AG or any of its group companies in the three business years before the reporting period

No significant business relationships with HIAG Immobilien Holding AG or any of its group companies

Dr. Jvo Grundler
Executive Member of the
Board of Directors and
General Counsel

Education
Dr. iur. HSG, University of St. Gallen, LL.M. University of Cambridge, UK

Professional background

2017 to today	General Counsel at HIAG Immobilien Holding AG
2017 to today	Of Counsel at a Zurich-based corporate law firm
2002 to 2017	Legal Counsel and Partner at Ernst & Young, inter alia, Head of Legal Consulting and General Counsel
2000 to 2002	Legal Counsel at Andersen Legal
1993 to 2000	Zurich-based corporate law firm

Activities on executive or supervisory boards

Vice President of the Board of Directors of Datacolor AG, Rotkreuz, Member of the Board of Directors of SHL Business Areas AG, Lucerne, Member of the Board of Directors of Serto Holding AG, Frauenfeld, Vice President of the Board of Directors of Villiger Söhne Holding AG, Rickenbach, Member of the Board of Directors of Villiger Söhne AG, Rickenbach, President of the Foundation Board of HIAG Pensionskasse

Dr. Christian Wiesendanger
Member of the Board of Directors

Education

PhD in Theoretical and Mathematical Physics, University of Zurich; MBA INSEAD Fontainebleau, France

Professional background

2017 to 2020	Head of Investment Products and Services Global Wealth Management at UBS AG
2010 to 2017	Head of Wealth Management Switzerland at UBS AG
2006 to 2010	Head of Private Banking Latin America at Credit Suisse AG
2002 to 2006	Head of Private Banking Central Plateau Region at Credit Suisse AG
1997 to 2002	Management Consultant at McKinsey & Company

Activities on executive or supervisory boards

Board of Trustees of UBS pension fund

Member of the Private Banking Steering Committee of SBVg

No operational leadership responsibilities for HIAG Immobilien Holding AG or any of its group companies in the three business years before the reporting period

No significant business relationships with HIAG Immobilien Holding AG or any of its group companies

Anja Meyer
Member of the Board of Directors

Education

SME intensive studies, University of St. Gallen, Commercial diploma, Kantonsschule Luzern

Professional background

2014 to today	Owner and delegate of the Board of Directors of smeyers Holding AG, Lucerne
2001 to today	Various management positions in the real estate sector

Activities on executive or supervisory boards

Owner and delegate of the Board of Directors of smeyers Holding AG, Lucerne

Member of the Board of Directors of Soluma AG, Emmen

No operational leadership responsibilities for HIAG Immobilien Holding AG or any of its group companies in the three business years before the reporting period

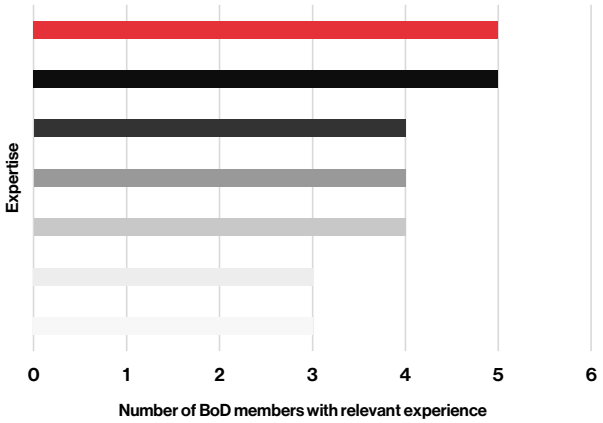
No significant business relationships with HIAG Immobilien Holding AG or any of its group companies

Composition and competencies of the Board of Directors at a glance

The following graphs show the composition of the Board of Directors in terms of competencies, length in office and gender.

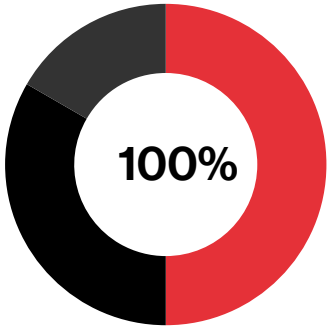
When selecting the members of the Board of Directors, the focus is on experience in leadership and management functions, as well as in listed companies, real estate development and management, innovation and digitisation, finance and risk management, M&A and law, the Swiss real estate market and sustainability.

Expertise / experience



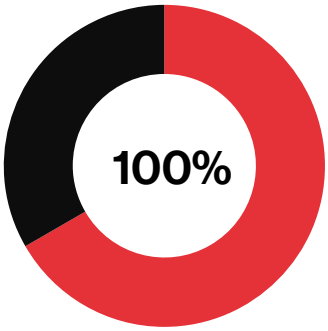
Experience in the Swiss real estate market	83%
Sustainability	83%
Real estate development/management	67%
Innovation/digitalisation	67%
Finance/risk management	67%
Leadership/management listed companies	50%
M&A/law	50%

Length in office



Under 4 years	50%
Between 4 and 8 years (1)	17%
More than 8 years (2)	33%

Gender



Men (4)	67%
Women (2)	33%

Changes in the composition of the Board of Directors during the reporting year

Dr. Walter Jakob, Vice President of the Board of Directors and Lead Director until the Ordinary General Meeting on 22 April 2021, was no longer eligible for re-election after reaching the age limit. Balz Halter has held the office of Vice President of the Board of Directors since the Ordinary General Meeting. The finance specialist Dr. Christian Wiesendanger and the real estate specialist Anja Meyer were newly elected to the Board of Directors at the Ordinary General Meeting and at the Extraordinary General Meeting on 29 September 2021, respectively.

4.2 Statutory rules on other activities and interests

The members of the Board of Directors may not exercise more than four additional mandates in the executive or supervisory bodies of listed companies and no more than 10 additional mandates in the executive or supervisory bodies of non-listed legal entities, which must be entered in the commercial register or any comparable register in another country, and which do not control and are not controlled by the company. They may not hold a total of more than 10 additional mandates. Not subject to these restrictions are mandates held in group subsidiaries or those exercised by a member of the Board of Directors or the Executive Board on behalf of the company (joint ventures, pension schemes of this legal entity, companies in which this legal entity holds a significant equity share, etc.). In addition to being on the HIAG Immobilien Holding AG Board of Directors, Dr. Felix Grisard and Dr. Jvo Grundler are also members of the Board of Directors of all HIAG Group companies. Mandates held in legal entities that are not obliged to be entered into a commercial register or comparable register in another country, as well as honorary offices at charitable organisations as recognised under tax law, are also not subject to restriction. The details of the rules concerning external mandates, in particular the definition of the term "mandate", are stipulated in Art. 25 of the Articles of Incorporation. No members of the Board of Directors have exceeded the established thresholds for mandates. The Board of Directors is made aware of the way in which interests should be handled during an annual in-house training session on stock exchange law.

4.3 Election and term of office

The President and Vice President of the Board of Directors and members of the Board of Directors and the Compensation Committee, who must be members of the Board of Directors, are generally elected individually at the Ordinary General Meeting until the conclusion of the next Ordinary General Meeting. Members of the Board of Directors may resign or be removed before the end of their term in office. New members join the Board of Directors for the remainder of the term in office of the member he or she is replacing. Re-election is permitted.

4.4 Internal organisation

Aside from the President and Vice President of the Board of Directors, who are elected by the General Meeting, the Board of Directors constitutes itself. It appoints the Secretary, who does not have to be a member of the Board of Directors.

The Board of Directors can also order committees from among its members to carry out non-transferable and inalienable tasks and entrust them with the preparation and implementation of its decision, the monitoring of operations and related special tasks.The Articles of Incorporation and the Organisational Rules stipulate their framework for action.

https://www.hiag.com/en/investors/corporate-governance/further-information/

4.5 Composition, tasks and limits of competence of the Committees of the Board of Directors

The Compensation Committee, Audit Committee, Investment Committee and Finance Committee are standing committees with the following composition as at 31 December 2021:

Compensation Committee	Audit Committee	Investment Committee	Finance Committee
Salome Grisard Varnholt (President)	Dr. Felix Grisard (Chair)	Balz Halter (President)	Dr. Christian Wiesendanger (President)
Balz Halter	Balz Halter	Dr. Felix Grisard	Dr. Felix Grisard
		Salome Grisard Varnholt	
		Anja Meyer	

The Compensation Committee, Audit Committee and Finance Committee are each composed of at least two members of the Board of Directors, one of whom must be an independent non-executive. The Investment Committee consists of at least three members of the Board of Directors. The committees report regularly to the Board of Directors at every Board of Directors meeting and, in urgent cases, directly with regard to their activities concerning the company and the Group companies, and in particular about the current course of business and important business events. The committees of the Board of Directors submit necessary proposals to the Board of Directors.

4.6 Compensation Committee

The Compensation Committee is composed of at least two members of the Board of Directors who are elected individually at the General Meeting. The principles concerning the tasks and responsibilities of the Compensation Committee with regard to compensation are set forth in paragraph C (Arts. 27 and 28) of the Articles of Incorporation and are described in greater detail in the Compensation Report of this Annual Report on page 73.

4.7 Audit Committee

The Audit Committee supports the Board of Directors in fulfilling its tasks, particularly in the areas of finance control (supervision of internal and external audits, monitoring of financial reporting) and supervision of the persons entrusted with the management of the company (internal control system).

The Audit Committee has the following tasks and responsibilities:

Supervision of internal and external audits

- **Determination of the multi-year review plan and the review scope of the internal and external audits;**
- **Discussion of the audit reports with the internal and external auditors and Executive Board and monitoring of their implementation;**
- **Evaluation of the performance of the internal and external auditors and their cooperation;**
- **Support of the Board of Directors with the nomination of the external auditor at the General Meeting;**
- **Evaluation of the fees of the external auditor and its independence, monitoring of the compatibility of the audit activity with any consulting mandates;**
- **Verification of the independence of the internal auditor for the Executive Board and the entities to be reviewed;**
- **Approval of the guidelines for the internal audit activity;**

— Proposal on appointment and dismissal of the Internal Audit Head.

Supervision of financial reporting
— Evaluation of the company's consolidated financial statements, financial statements and any status reports;
— Decision on whether any status report, consolidated financial statements and annual financial statements can be recommended to the Board of Directors for submission to the General Assembly.

Evaluation and further development of the internal control system
— Evaluation of the functionality of the internal control system, including risk management;
— Verification of compliance with the valid standards and guidelines, and further development of the internal control system.

Members of the Executive Board generally participate in the meetings of the Audit Committee. Other members of the Board of Directors or other internal or external experts may also be invited to participate in these meetings. Any granting of paid contracts to third parties requires the prior approval of the Board of Directors.

4.8 Investment Committee

The Investment Committee assists the Board of Directors in fulfilling its missions, particularly in terms of planning and evaluation of investments in the existing property and real estate portfolios, as well as buying and selling properties and real estate.

The Investment Committee has the following tasks and responsibilities:

Proposal of real estate investments
— Evaluation of investment proposals concerning real estate that fall within the decisional competence of the Board of Directors with suitable recommendations to the Board of Directors;
— Evaluation of investment proposals concerning real estate that fall within the decisional competence of the Investment Committee.
— Development of the medium and long-term real estate strategy for the attention of the Board of Directors.
— Performance of other tasks assigned to the Investment Committee by the Board of Directors.

The CEO and CFO always participate in Investment Committee meetings. Site developers whose projects are the subject of the meetings also participate. Other internal or external specialists can also be called to the sessions. Any granting of paid contracts to third parties requires the prior approval of the Board of Directors.

4.9 Finance Committee

The Finance Committee supports the Board of Directors and the Executive Board in ensuring the sustainable financing of the Group in accordance with its long-term business strategy.

The Finance Committee has the following tasks and responsibilities:

Translation of the strategy into a rolling business and finance plan from which results the long-term financial cornerstones.

Financing of the net finance requirement through equity and debt capital, taking into account:
- **sustainable balance sheet structure;**
- **suitable free float;**
- **reasonable staggering of new capital increases with regard to refinancing.**

Support of all large financial transactions that involve equity or debt.

Performance of other tasks assigned to the Finance Committee by the Board of Directors.

As a rule, the CEO and CFO always participate in Finance Committee meetings. Other members of the Board of Directors or other internal or external experts may also be invited to participate in these meetings. Any granting of paid contracts to third parties requires the prior approval of the Board of Directors.

Due to the shareholder structure, the size of the company and the specific circumstances of HIAG Immobilien Holding AG, the Board of Directors does not have a Nomination Committee. Any such responsibilities are carried out by the Board of Directors as a whole.

Further information about the tasks of the Committees can be found in para. V of the Organisational Rules.

https://www.hiag.com/media/zm0fxdux/organisationsreglement-2021.pdf

4.10 Allocation of tasks and functioning of the Board of Directors

The Board of Directors exercises its authority pursuant to Arts. 16 and 17 of the Articles of Incorporation as an overall body. The Articles of Incorporation do not provide for a division of responsibilities within the Board of Directors. The procedural rules for meetings of the Board of Directors are set forth in HIAG Immobilien Holding AG's Organisational Rules (para. II, letter b).

The tasks and competencies of the President and Vice President of the Board of Directors are defined in the Organisational Rules (paras. III and IV). If the President of the Board of Directors is unavailable – or if there is a possible conflict of interests – the Vice President takes over the tasks and competencies of the President.

The Board of Directors is convened by the President, the Vice President, or if they are unavailable, by another member. Any member of the Board of Directors can request that a meeting be convened immediately by giving the reasons in writing.

The Board of Directors has a quorum if the majority of the members participate, whereby connection by telephone and/or video conference meet the attendance requirement. No minimum presence is required for decisions that require public certification. The decisions of the Board of Directors must be made by the majority of its members in order to be valid. If there is a tie, the vote of the President is decisive. Decisions of the Board of Directors can also be made by circular letter, unless a member requests oral deliberation.

Four ordinary meetings of the Board of Directors generally take place every year (one per quarter). In the interim, extraordinary meetings of the Board of Directors may be called and circular resolutions may be taken as needed. The minutes of the Board of Directors' meetings are kept by the secretary of the Board of Directors; the circular resolutions are included in the minutes of the subsequent meeting. Four meetings of the

Board of Directors took place during the reporting period, all in person, none by video conference and none by conference call.

The following table provides an overview of the meetings of the Board of Directors and the committees in 2021.

	Board of Directors	Compensation Committee	Audit Committee	Investment Committee	Finance Committee
Dr. Felix Grisard, President[1]	4		2	12	19
Balz Halter, Vice-President[2]	4	1	2	12	
Dr. Walter Jakob[3]	1	1			
Salome Grisard Varnholt	4	2		12	
Dr. Jvo Grundler	4				
Dr. Christian Wiesendanger[4]	3				19
Anja Meyer[5]	1				
Ø Session duration	3 hours	1.5 hours	1.5 hours	2 hours	1 hour

[1] President since the Ordinary General Meeting 2013
[2] Vice President since the Ordinary General Meeting 2021
[3] Vice President until the Ordinary General Meeting 2021
[4] Member since the Ordinary General Meeting 2021
[5] Member since the Extraordinary General Meeting 2021

The CEO and CFO are invited to meetings of the Board of Directors. For discussion of specific subjects, the Board of Directors may call on other executives or external consultants as needed. During the period under review, no external consultants were called on to any significant extent.

4.11 Self-evaluation of the Board of Directors

HIAG follows the constant and rolling improvement approach. Potential for optimisation and insights from reflections are regularly discussed at Board of Directors' meetings and suitable measures initiated. In addition, the Board of Directors evaluates, analyses and discusses its working methods, quality (effectiveness) and composition annually, as part of a recurring self-evaluation. The personal performance evaluation and the performance of the committees and the Board of Directors as a whole are discussed.

The Board of Directors' tasks, responsibilities and working methods are set forth in Arts. 17 and 18 of the Articles of Incorporation and in the Organisational Rules.

4.12 Division of competencies between the Board of Directors and Executive Board

As per Art. 716a of the Swiss Code of Obligations and Arts. 17 and 18 of the Articles of Incorporation, the Board of Directors is responsible for the company's business and affairs. All Executive Board tasks that are not legally or expressly assigned to the Board of Directors or another body by law or by the Articles of Incorporation are carried out by the Executive Board. The CEO is the President of the Executive Board and has decisional authority over the other members. The members of the Executive Board manage the day-to-day business independently within the framework of the corporate strategy, the budget and company objectives decided by the Board of Directors. In addition to affairs that are reserved for it by law, the Board of Directors takes decisions regarding issues that are of considerable importance to HIAG. This includes sales or acquisitions of companies with a transaction value of more than CHF 0.1 million or investments that exceed a financing requirement of CHF 0.5 million.

The tasks and limits of responsibilities of the Board of Directors and Executive Board are stipulated in HIAG Immobilien Holding AG's Organisational Rules.

https://www.hiag.com/en/investors/corporate-governance/further-information/

4.13 Information and supervisory mechanisms concerning the Executive Board

The President of the Board of Directors is in regular contact with the CEO regarding all important company policy questions and the members of the Executive Board are generally present at every ordinary meeting to ensure direct contact between the Board of Directors and the Executive Committee and thus suitable control. The Board of Directors is informed on a quarterly basis of the operating and financial developments and important key figures of the group. The Executive Board also presents a comprehensive report on the development of business activities at the meetings of the Board of Directors.

The more comprehensive Half-Year Report also contains the expectations of the operational management concerning the development of results until the end of the financial year and information on personnel development, liquidity, investments made, the composition of the shareholder base and market expectations in terms of the company's development.

4.14 Risk management

The Board of Directors re-evaluates risks at least once a year and receives a report on the functionality and effectiveness of the internal control system from the Executive Board. HIAG Immobilien Holding AG has a standard risk management system. The Board of Directors carries out an assessment of the identified risks to determine the probability of their occurrence and their impact, which includes financial, operational and reputational repercussions. When necessary, the Board of Directors decides on measures intended to prevent or reduce identified risks or their consequences. Where this is not possible, these risks are shifted to third parties, e.g. insurance companies, as much as possible. There is currently no internal auditing department. Internal control and risk management are carried out by the finance department. The Board of Directors and its Audit Committee are in direct contact with the external auditor and can request that special audit activities be carried out as needed.

HIAG seeks to set ethical and professional standards as a sustainable real estate company. A corporate culture that promotes the careful handling of risks should support this objective. HIAG has implemented and communicated a Code of Conduct for employees and business partners and their subcontractors.

https://www.hiag.com/en/investors/corporate-governance/further-information/

HIAG has also implemented data protection regulations and notified all employees.

5 Executive Board

The Executive Board is responsible for the operational management of the HIAG Group. The tasks and competencies of the Executive Board are determined in HIAG Immobilien Holding AG's Organisational Rules (Paragraph VI).

5.1 Members of the Executive Board

The Board of Directors has delegated the management of the HIAG Group to the CEO. The CEO is entitled to delegate his powers to subordinate bodies, in particular to members of the Executive Board. Members of the Executive Board are appointed by the Board of Directors. The following table shows the composition of the Executive Board as at 31 December 2021

Name	Nationality	Born	Position	Appointed
Dr. Felix Grisard	Switzerland	1972	CEO	January 2020
Salome Grisard Varnholt	Switzerland	1978	CFO	September 2021
Dr. Jvo Grundler	Switzerland	1966	General Counsel	May 2017

Change in the Executive Board

On 31 August 2021, Laurent Spindler resigned from the Executive Board.
On 1 September 2021, Rico Müller joined the Executive Board as CFO.

Education, professional activity and interests

The following table provides important information about the education, professional experience, mandates outside the HIAG Group and other important activities of Executive Board members (as at 31 December 2021).

Marco Feusi
CEO

Education
Dipl. Architekt HTL, Brugg-Windisch, Master of Advanced Studies in Management, Technology and Economics

Professional background

2003 to 2019	Partner and co-owner Wüest Partner AG, including as a member of the Board of Directors 2003 to 2006 and 2013 to 2017 and as President of the Executive Board 2017 to 2019
2000 to 2003	Scientific Associate/Senior Consultant at Wüest & Partner AG
1999 to 2000	Escrow agent and broker at ITERA Immobilien AG
1998 to 1999	Independent architect

Previous activities for the HIAG Immobilien Group

2007 to 2008	Member of the HIAG Immobilien Schweiz AG Board of Directors

Activities on executive or supervisory boards
Member and Assessor of the Royal Institution of Chartered Surveyors (MRICS), Switzerland
Member of the Board of Directors of Norline AG, Neuhausen am Rheinfall

Rico Müller
CFO

Education
Swiss Certified Accountant, The Swiss Institute of Accountants, Master in Business Administration, University of Zurich

Professional background:

2019 to 2021	Head of Corporate Services and Member of the Executive Board of Aebi Schmidt Group North America, Cleveland (USA)
2017 to 2019	Head of Corporate Controlling and Deputy CFO at Aebi Schmidt Holding AG, Frauenfeld
2008 to 2017	Management functions at BDO, Zurich, Horvàth & Partners, Zurich and Deloitte, Zurich

Activities on executive or supervisory boards:
none

Dr. Jvo Grundler
General Counsel

Education:
Dr. iur. HSG, University of St. Gallen, LL.M. University of Cambridge, UK

Professional background

2017 to today	General Counsel at HIAG Immobilien Holding AG
2017 to today	Of Counsel at a Zurich-based corporate law firm
2002 to 2017	Legal Counsel and Partner at Ernst & Young, inter alia Head of Legal Consulting and General Counsel
2000 to 2002	Legal Counsel at Andersen Legal
1993 to 2000	Zurich-based corporate law firm

Activities on executive or supervisory boards

Vice President of the Board of Directors of Datacolor AG, Rotkreuz, Member of the Board of Directors of SHL Business Areas AG, Lucerne, Member of the Board of Directors of Serto Holding AG, Frauenfeld, Vice President of the Board of Directors of Villiger Söhne Holding AG, Rickenbach, Member of the Board of Directors of Villiger Söhne AG, Rickenbach, President of the Foundation Board of HIAG Pensionskasse

5.2 Statutory rules on other activities and interests

The members of the Executive Board may not exercise more than two additional mandates in the executive or supervisory bodies of listed companies and no more than 10 additional mandates in the executive or supervisory bodies of non-listed legal entities, which must be entered in the commercial register or any comparable register in another country, and which do not control and are not controlled by the company. They may not hold a total of more than 10 additional mandates. Not subject to these restrictions are mandates held in group subsidiaries or those exercised by a member of the Board of Directors or the Executive Board on behalf of the company (joint ventures, pension schemes of this legal entity, companies in which this legal entity holds a significant equity share, etc.). Also not subject to restriction are mandates held in legal entities that are not obliged to be entered into a commercial register or comparable register in another country, and honorary offices at charitable organisations as recognised under tax law. The details of the rules concerning external mandates, in particular the definition of the term "mandate", are stipulated in Art. 25 of the Articles of Incorporation. No members of the Executive Board have exceeded the established thresholds for mandates. The Executive Board is made aware of the way in which interests should be handled during an annual in-house training session on stock exchange law.

5.3 Management agreements

As at 31 December 2021, there were no management agreements with companies outside the HIAG Group.

6 Compensation, participations and loans

All information on the compensation of the Board of Directors and the Executive Board of HIAG Immobilien Holding AG is given in the Compensation Report of this Annual Report on page 82.

7 Shareholders' participation rights

7.1 Restrictions on voting rights and proxies

Each registered share entitles the holder to a vote at the General Meeting. However, voting rights can be exercised only by shareholders registered in the shareholder register (Art. 10 of the Articles of Incorporation). Information on the registration of registered shares can be found on page of this Annual Report in section "Transferability of registered shares and nominee registrations" (Art. 5 Articles of Incorporation).

Shareholders can represent their shareholdings in person at the General Meeting or be represented by a third party who identifies him or herself in a written proxy and does not need to be a shareholder, or by the independent proxy holder. The President of the General Meeting decides whether a proxy is admissible (Art. 11 Articles of Incorporation). Mr. Oscar Battegay and his deputy Mr. Andreas Dürr (Battegay Dürr AG, Basel) have been elected as independent proxy holders until the end of the Ordinary General Meeting 2022.

The proxy can be granted in writing or electronically via the shareholders' portal, which is operated by Computershare Schweiz AG. Shareholders who have given their proxy can issue instructions on any item to be discussed and any unannounced agenda items and proposals and state whether they are voting for or against a proposal or whether they are abstaining from voting. The independent proxy holder is required to exercise the voting rights assigned to him by the shareholders as per their instructions. If he does not receive any instructions, he abstains from voting (Art. 14 Articles of Incorporation).

7.2 Statutory quora

The General Meeting takes decisions and carries out its elections with the absolute majority of votes cast by shareholders. Deviating provisions of the Articles of Incorporation or mandatory legal regulations remain reserved. If the election is not conclusive with the first ballot, a second ballot will be cast in which the relative majority decides. The Articles of Incorporation of HIAG Immobilien Holding AG do not provide for any quora that go beyond the stipulations of legal provisions relating to shares (Art. 13 Articles of Incorporation).

7.3 Calling the General Meeting and shareholders' right to request the inclusion of items on the agenda

The General Meeting is called by the Board of Directors at least 20 calendar days before the date of the meeting by announcement in the Swiss Official Gazette of Commerce (SHAB) (Art. 34 Articles of Incorporation). The convocation can also be sent by letter to all shareholders registered in the share register. The invitation must contain the agenda items and the proposals of the Board of Directors and shareholders who requested the convocation or the placement of specific items on the agenda.

Shareholders holding shares with a nominal value of at least TCHF 80 may request that an item be placed on the agenda. This must be done in writing at least 45 days before the General Meeting, and the agenda items and the proposals must be specified (Art. 8 Articles of Incorporation).

Furthermore, one or more shareholders who represent at least 10% of the share capital can request in writing that an Extraordinary General Meeting be called, stating the subject to be discussed and the proposal (Art. 699 para. 3 Swiss Code of Obligations).

7.4 Registration in the share register

All shareholders who are entered in the share register as shareholders with voting rights by the date of the Ordinary General Meeting are entitled to participate in the General Meeting (see also section "Transferability restrictions and nominee registrations" on page 53 of this Annual Report). The shareholder register is closed for about 14 days before the date of the General Meeting until payment of the dividend approximately one week after the date of the General Meeting. During this period, no entries in the shareholder register are made. The exact dates and deadlines are announced in the invitation to the General Meeting.

8 Change of control and defensive measures

8.1 Obligation to make an offer

The Articles of Incorporation of HIAG Immobilien Holding AG contain neither an opting-up nor an opting-out clause. Anyone who purchases one third (33.33%) of the voting rights of HIAG Immobilien Holding AG is required to submit a public bid for all the remaining shares as per the Swiss Financial Market Infrastructure Act (Art. 135 para. 1 FinfraG).

8.2 Change of control clause

There are no change of control clauses.

9 Statutory auditor

9.1 Duration of the auditing mandate and term in office of the lead auditor

The auditor is chosen annually at the General Meeting at the request of the Board of Directors. Re-election is permitted. Ernst & Young AG, Basel, has been mandated since business year 2001.

Fabian Meier, the lead engagement partner responsible for the auditing mandate, has been in office since business year 2018; the term of this office is limited by law to seven years.

9.2 Auditing fee

The fees paid to Ernst & Young AG as auditor for business year 2021 amount to TCHF 244.5 (previous year: TCHF 246.0).

9.3 Additional fees

Ernst & Young AG's fees for additional audit-related services in the reporting year were TCHF 33 (previous year: TCHF 13); fees for other services were TCHF 110 (previous year: TCHF 25). The other services include consulting services in the area of taxes and sustainability.

9.4 Supervisory and control mechanisms pertaining to the audit

The Audit Committee assesses the performance, fees and independence of the auditor on a yearly basis and reports to the Board of Directors. The Board of Directors submits a motion for the election of the auditor to the General Meeting and ensures compliance with the rotation of the lead auditor. The external auditor submits a comprehensive report to the Board of Directors that is prepared after the Financial Statements and the Auditor's Report.

The Audit Committee, together with the Executive Board, reviews the extent of the external audit, and the terms and conditions of any additional contracts, and discusses the audit results with the external auditor on an annual basis.

10 Blackout periods

General blackout periods

As a rule, the general blackout period begins 35 to 40 days before and ends one business day after publication of the corresponding ad hoc announcement (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules) in connection with the Annual Report or the Half-Year Report.

The general blackout period applies to the following individuals:

- **Members of the HIAG Immobilien Holding AG Board of Directors;**
- **Members of the HIAG Group Executive Board;**
- **Members of all management levels;**
- **Employees in the finance and control departments;**
- **Employees in the company communication department;**
- **HIAG employees involved in projects that contain price-sensitive information (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules);**
- **External consultants involved in projects that contain price-sensitive information (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules).**

The General Counsel keeps an email list of all individuals concerned.

Special blackout periods

Additional blackout periods can be determined at any time, during which the trading of shares by persons who are subject to this type of blackout is forbidden, regardless of whether said person is in possession of price-sensitive information (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules).

Decisions on the beginning and end of special blackouts are taken by the Executive Board. Blackouts can be decided at any time if the circumstances require this type of decision. Persons subject to a special blackout are informed by the Executive Board of this decision immediately. The General Counsel manages a list of individuals to whom a special blackout applies.

Effects of blackouts

During a general blackout period, affected persons, and during a special blackout period, all persons subject to the respective special blackout period, may not trade HIAG shares for the account of an investment fund or similar investment vehicle in which they have a personal financial interest or of which they are a director or manager, on their own account or on the account of a person associated with them (e.g. spouse, people living in the same household, relatives, etc.). This applies regardless of whether they are in the possession of price-sensitive information (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules). Furthermore, affected persons and all other persons who are subject to a special blackout or who are in possession of price-sensitive information (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules) may not exercise any options to purchase HIAG shares during the blackout. Affected individuals and persons subject to a special blackout period must treat price-sensitive information as strictly confidential (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules) and may not pass it on to third parties. In particular, during the blackout periods, they may not have any discussions with financial circles, the media or analysts in order to avoid passing on price-sensitive information (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules), until this information is published by the company in accordance with the applicable laws and provisions, and particularly the SIX Swiss Exchange Listing Rules (ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules).

11 Information policy

HIAG pursues an open and active information policy with regard to shareholders, the public and the capital markets. Announcements and notifications to shareholders are made in the Swiss Official Gazette of Commerce (SHAB) as per Art. 34 of the Articles of Incorporation. Financial reporting is done via the Half-Year Report and Annual Report with a Status Report, a Corporate Governance Report and a Compensation Report, as well as the Consolidated Annual Financial Statements and the Annual Financial Statements of HIAG Immobilien Holding AG. These are drawn up in accordance with Swiss GAAP FER and comply with Swiss law and the listing rules of SIX Swiss Exchange. HIAG also publishes an annual Sustainability Report prepared according to the GRI Standards (for the first time in March 2022). The Half-Year Report and the Annual Report with the Annual Financial Statements and Sustainability Report can be downloaded on HIAG's website under the "Investors" menu tab. Over the course of the year, HIAG meets regularly with investors, presents its financial results at analyst meetings and roadshows, participates in specific conferences for financial analysts and investors, and informs its shareholders and other interested parties about the course of business with media releases (including ad hoc publicity pursuant to Art. 53 SIX Swiss Exchange Listing Rules).

Media releases and ad hoc announcements from HIAG are available on the website under "Investors". Subscription to HIAG's ad hoc announcements can be made at the following link:

https://www.hiag.com/en/investors/subscription-service/

The CEO, Marco Feusi, and the CFO, Rico Müller, are in charge of communication with shareholders, the capital markets and the public. Contact can be made via the following link: investor.relations@hiag.com.

Company calendar

28 April 2022	Annual General Meeting Fiscal 2021
26 August 2022	Publication Half-Year Financial Statement 2022
27 September 2022	HIAG Capital Day
14 March 2023	Publication Annual Report 2022
27 April 2023	Annual General Meeting Fiscal 2022

The detailed company schedule is published on HIAG's website under "Investors" and is updated regularly.

https://www.hiag.com/en/investors/company-calendar /

Marco Feusi, CEO
Rico Müller, CFO

HIAG Immobilien Holding AG,
Aeschenplatz 7, 4052 Basel
investor.relations@hiag.com

Further information and all publications (in particular the Annual Report 2021) are available for download on the HIAG website:

https://www.hiag.com

The publications can also be sent by mail; simply send a request to the above Investor Relations address.

Compensation Report

1 Introductory remarks

The compensation report offers an overview of the HIAG Group's compensation principles and system. It describes how the compensation of the members of the Board of Directors and the Executive Board is determined and provides information about the compensation granted. The Compensation Report fulfils the requirements of the Ordinance Against Excessive Compensation at Listed Companies (OAEC) in force since January 2014, and thus complies with the Swiss Code of Obligations. It is based on the Directive on Information Relating to Corporate Governance (Corporate Governance Directive) issued by SIX Swiss Exchange and HIAG Immobilien Holding AG's Articles of Incorporation. It also takes into account the recommendations of economiesuisse's Swiss Code of Best Practice for Corporate Governance.

The complete statutory rules governing voting on compensation by the General Meeting (Art. 22), the applicable additional amount of compensation for additional members of the Executive Board if an approved total amount is insufficient (Art. 23), the rules on performance-based compensation and the distribution of shares, conversion rights and option privileges (Art. 21), loans and credits (Art. 24) and HIAG Immobilien Holding AG's Organisational Rules can be consulted on the company website using the following link:

https://www.hiag.com/media/yyzp3vib/statuten-2021.pdf

Paid compensation is disclosed according to the accrual principle of the accounting standards (independent of cash flows), meaning all compensation is listed in the period (in this case the business year) in which it is included in the financial statements.

2 Compensation policy

HIAG's compensation policy is consistent with the HIAG Group's corporate strategy, goals and values, and is based on the following principles:

2.1 Risk adjustment and sustainability

Compensation practices must contribute to long-term operational development. They must support risk management and the objective of sustainable increases in the company's values, as well as long-term client and employee retention. The compensation policy has to set incentives that guarantee appropriate risk behaviour from individuals in order to counteract conflicts of interest.

Anchoring sustainability at all levels within the company is at the heart of HIAG's corporate strategy. The Board of Directors defined the first sustainability goals (appointment of a sustainability project manager and establishment of a sustainability organisation, preparation of a sustainability report as per the GRI Standards) for 2021, and their achievement already applies to the CEO's short-term variable compensation for business year 2021 (objectives 100% met). These goals will be taken into account for the CFO in business year 2022.

2.2 Trust

The compensation rules and processes are designed based on mutual trust between the employer and employees. This is necessary because there is a certain time lapse between the provision of the service and the assumption of responsibility on one hand, and the corresponding compensation on the other hand, and a performance evaluation has subjective components. This is why payment of the variable component must remain voluntary and a margin of discretion is allowed in this regard.

2.3 A focus on performance and success

Compensation must reward the performance of individuals as well as that of the organisation. An orientation towards group success promotes alignment with the HIAG Group's long-term interests. Taking into account individual performance helps to motivate employees, to steer individual performance contributions towards the achievement of company goals and to retain top performers.

2.4 Clear and understandable

The compensation rules and models are clearly and understandably worded. Employees and those outside the company should be able to easily comprehend the principles.

2.5 Requirements and management levels taken into account

The compensation calculation must also take into account the difficulties of the respective jobs, and clearly and fairly reflect the different requirements of the management levels.

2.6 Zero discrimination

Decisions concerning the employment relationship, including compensation decisions, are based solely on the individual's qualifications, performance and conduct, or other objective legitimate business considerations.

The compensation policy forms the basis for the compensation standards set forth in our regulations and compensation model. The compensation standards determine the objectives, processes and requirements for the structure of the compensation. In addition, the compensation model for recipients of a variable compensation component defines the fixed-to-variable ratio and the distribution mechanisms of the variable component.

3 Principles and components, responsibilities and determination of compensation

3.1 Responsibilities and determination of compensation

The Board of Directors determines the amount of corresponding compensation of the Board of Directors and Executive Board within the General Meeting-approved amounts with the support of the Compensation Committee. No members of the Executive Board are present during discussions and the adoption of resolutions by the Board of Directors regarding the remuneration of the Executive Board. Each member of the Board of Directors has a say in the determination of the remuneration of the Board of Directors.

Since all members of the Board of Directors, with the exception of the President and the General Counsel, receive the same fixed remuneration, members of the Board of Directors do not withdraw from decisions regarding their remuneration, with the exception of the President and the General Counsel, who withdraw when their remuneration is determined.

3.2 Compensation Committee

The General Meeting elects each member of the Compensation Committee for a term of office of one year until the conclusion of the next ordinary General Meeting. Re-election is permitted. The Compensation Committee is composed of at least two members; only members of the Board of Directors are eligible.

The Compensation Committee informs the Board of Directors periodically about the course of meetings and other compensation-related subjects. In particular, the Compensation Committee assists the Board of Directors in the determination and review of the compensation models and prepares the proposals to be made at the General Meeting concerning the compensation of the Board of Directors and Executive Board. The Board of Directors may also assign additional responsibilities to the Compensation Committee. As per the Organisational Rules of the company, the scope of the Compensation Committee's tasks includes the following points:

Compensation policy and principles

- **Periodic review of the goals and basic principles of the compensation policy for the attention of the Board of Directors with the objective of encouraging and retaining employees in order to ensure the competitiveness and long-term success of the company and the Group companies;**
- **Acknowledgement and evaluation of implementation by the Executive Board of compensation-related principles (including related concepts concerning salaries and incentives);**
- **Evaluation and preparation of compensation guidelines and programmes and applicable compensation performance criteria, and related proposals to the Board of Directors. These include, in addition to base salary, variable cash compensation, compensation in the form of options, shares and/or similar financial instruments in accordance with the applicable employee stock option programmes, retirement funds and/or additional benefits within the scope of overall compensation;**
- **Review of the impact, attractiveness and competitiveness of this programme at least every three years.**

Compensation of the Board of Directors and Executive Board

- **Drafting of proposals and submission of requests to the Board of Directors regarding compensation of individual members of the Board of Directors (subject in each case to the maximum total amounts approved or to be approved by the General Meeting according to the provisions of the Articles of Incorporation);**
- **Drafting of proposals and submission of requests to the Board of Directors with regard to compensation of individual members of the Executive Board (subject to the maximum total amounts approved or to be approved by the General Meeting according to the provisions of the Articles of Incorporation);**
- **Drafting of proposals and submission of requests to the Board of Directors with regard to compensation of the heads of Portfolio Management, Transactions and Site Developers;**

- Drafting of proposals for the attention of the Board of Directors with regard to total amounts of compensation to be approved by the General Meeting for the Board of Directors and Executive Board according to the provisions of the Articles of Incorporation;
- If necessary, drafting of proposals for the attention of the Board of Directors with regard to the additional amount of compensation to be approved by the General Meeting for new members of the Executive Board according to the provisions of the Articles of Incorporation.

Elaboration of participation programmes for employees of the company and the Group companies.

Preparation of compensation reports and corresponding submission to the Board of Directors.

The CEO and the General Counsel generally take part in the sessions of the Compensation Committee, except if their own performance is under evaluation or their compensation fixed. Other members of the Board of Directors, the CFO or other internal or external experts may also be invited to participate in these meetings.

As at 31 December 2021, the Compensation Committee was composed as follows:

	Elected until
Salome Grisard Varnholt, President	Ordinary General Meeting 2022
Balz Halter	Ordinary General Meeting 2022

The Compensation Committee holds meetings as often as business requires, but at least twice per year. During the period under review, the Compensation Committee met twice: on 22 January 2021 and on 7 June 2021, for 90 minutes each time. Both members of the Compensation Committee participated in both meetings. The following agenda points were discussed:

- Approval of the total compensation of the Executive Board for 2020;
- Approval of the individual bonuses of the management for 2020;
- Approval of the compensation of the Board of Directors for 2020:
- Proposal regarding the compensation of the Executive Board 2021 and the Board of Directors 2021 to the General Meeting.

3.3 Compensation components: Board of Directors

The members of the Board of Directors receive fixed compensation in cash for their activity as per the statutory rules. This fixed compensation includes remuneration for activities as members of the Board of Directors on the Audit Committee and the Compensation Committee, as well as on Boards of Directors of subsidiaries. The attendance fee for participation in the meetings of the Investment Committee and the Finance Committee amounts to a fixed sum of CHF 750 (in-person meetings) and CHF 500 (remote meetings) per person and per meeting. Reimbursement of expenses is not considered as remuneration. The company or a Group company may reimburse members of the Board of Directors for expenses in the form and amount of tax-recognised flat-rate allowances. Additional activities of Boards of Directors for HIAG are compensated at cost and at the hourly rates customary in the market. Customary market rates mean that the hourly rate to be used for the service in question corresponds to the rate usually charged by third parties for similar services for employees with equivalent qualifications.

The statutory rules do not provide for pension benefits that are not required by law for members of the Board of Directors.

To that effect, no such payments were made during the year under review. The General Counsel is simultaneously a member of the Board of Directors and a member of the Executive Board. His total compensation is reported under compensation of the Board of Directors only. This compensation is composed of fixed cash compensation and fixed annual share-based compensation. The fixed cash compensation is paid in 13 instalments. The same rules apply to flat-rate allowances and expenses as for the Executive Board.

3.4 Compensation components: Executive Board

The compensation of members of the Executive Board is composed of fixed and variable remuneration. Reimbursement of expenses is not considered as remuneration. The company or a Group company may reimburse members of the Executive Board for expenses in the form and amount of tax-recognised flat-rate allowances.

	Compensation		
	Fixed compensation	Variable compensation	
Instruments	Base salary Pension plan Additional benefits	Individual bonus Payable in cash	LTIP 50% in shares (yearly payment) 50% in cash (payment at end of the LTIP)
Influencing factors	Function, experience, qualification and market	Achievement of individual annual performance targets	Achievement of long-term value increase for shareholders
Purpose	Employee recruitment, employee retention	Focus on annual targets and corporate success	Employee retention Focus on long-term corporate success

Fixed compensation of the Executive Board

The fixed compensation is made up of a base salary and possible other compensation components that are not performance-dependent (e.g. child allowances or training allowances). They are reported in paragraph 4.2 under “Other compensation components”. The fixed compensation is paid in cash.

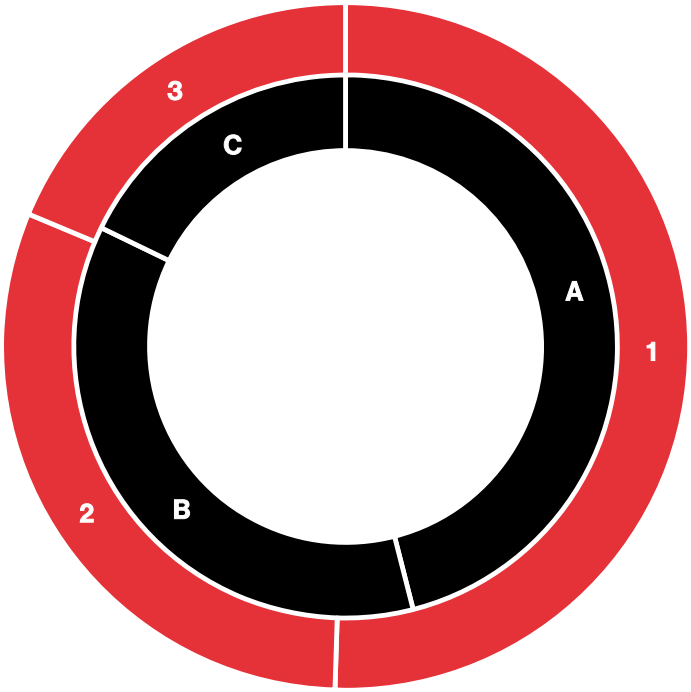
With regard to the disclosure of services and non-cash benefits and expenses, these are dealt with from a tax point of view. Out-of-pocket expenses are reimbursed on a lump-sum basis in accordance with expense reimbursement rules approved by the tax authorities; other expenses are reimbursed on an actual cost basis. They are not included in the reported compensation.

Variable compensation of the Executive Board

As per the Articles of Incorporation, the variable compensation is made up of two components: an annual individual bonus and a Long Term Incentive Plan (LTIP).

Fixed compensation and variable compensation for business years 2020 and 2021 are weighted as follows (Executive Board in red, CEO in black):

Business year 2021



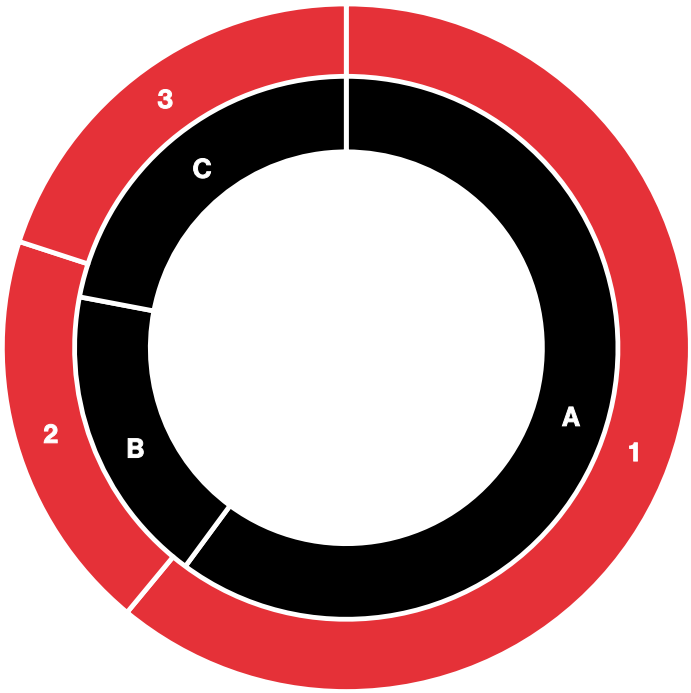
Executive Board

1	Fixed compensation	50.5%
2	LTIP	30.8%
3	Individual bonus	18.7%

Marco Feusi (CEO)

A	Fixed compensation	46.0%
B	LTIP	36.2%
C	Individual bonus	17.8%

Business year 2020



Executive Board

1	Fixed compensation	61.0%
2	LTIP	19.0%
3	Individual bonus	20.0%

Marco Feusi (CEO)

A	Fixed compensation	60.1%
B	LTIP	17.9%
C	Individual bonus	22.0%

Individual bonus

The individual bonus for the current business year is determined based on the annual performance of the individual Executive Board member. All targets specifically set for a member of the Executive Board are taken into account when determining the individual bonus. Payment is made in cash. The individual bonus of the CEO is determined by the Compensation Committee. The individual bonuses of the remaining members of the Executive Board (CFO) are fixed by the CEO and submitted to the Compensation Committee. If the objectives are not met, the amount of the individual bonus can either be reduced accordingly or eliminated completely. During the reporting year, the individual objectives were 100% met by the CEO and 100% met by the Executive Board (CFO, Laurent Spindler until 31 August 2021; Rico Müller from 1 September 2021).

LTIP

The LTIP links executive compensation to long-term value creation within the Group and is designed to align the long-term interests of key employees and shareholders.

The LTIP runs for a five-year period (2020-2024). The LTIP relates to return on equity ("ROE") or net profit and allows plan participants to participate in an "excess return" based on the threshold. This measure is the same for all plan participants.

Benefits under the LTIP are payable when shareholders have received at least an ROE equal to the threshold value. The threshold is 4.0% ROE in the first plan year and 5.5% ROE in plan years 2 to 5.

Of the LTIP, 50% is paid out annually in the form of blocked plan participant shares. The average return on equity achieved at the end of the respective year serves as the basis for calculation. The plan participant shares to which plan participants are entitled are acquired by the employer for the plan participants in the following business year, taken from the company's own shares or created from contingent capital and booked into a securities account determined by the employer. The deciding factor is the closing price on the day of distribution. The shares may be acquired by plan participants with a retention period of five years from the date of acquisition. Plan participant shares are allocated according to the proportional incentive programme for plan participants at a discount of 25.274%.

The other 50% of the Incentive is composed of a cash payment. This cash portion is paid out in full only if the plan participant is still regularly employed on 31 March 2025.

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

Additional benefits

Additional benefits are primarily social and pension plans, which provide a suitable pension contribution and appropriate coverage for risks in case of death or other cause of invalidity. The plan benefits do not go beyond the accepted scope as per the provisions of the Swiss Occupational Pensions Act (BVG) and correspond to usual market practice. The pension plan is composed of a BVG plan, a basic plan and a management plan. Under the BVG plan and the basic plan, the employer pays the same contribution as the employee. The employer pays a higher contribution than the employee under the management plan. Executive Board members receive no particular additional benefits. They receive flat-rate compensation for business and representational expenses in accordance with the expense regulations approved by the competent cantonal tax authorities.

3.5 Benchmarking

The total compensation of the Board of Directors and the Executive Board is based on valuations of Swiss real estate companies listed on SIX Swiss Exchange:

Allreal Holding AG	Investis Holding	Plazza AG	Warteck Invest AG
Espace Real Estate AG	Mobimo Holding AG	PSP Swiss Property AG	Züblin Immobilien Holding AG
Intershop Holding AG	Peach Property Group AG	Swiss Prime Site AG	Zug Estates Holding AG

The Board of Directors periodically performs benchmarking based on compensation reports of these real estate companies. The Board of Directors also takes into account information from its members from functions in other companies. To date, an external consultant has not been called in for benchmarking. The fixed remuneration component and the variable remuneration component are both subject to this benchmarking.

3.6 Further information concerning employment of the Executive Board

Employment contracts of Executive Board members

The employment contracts of the Executive Board are open-ended and include notice periods of six months. They do not contain any unusual provisions. In particular, there is no severance pay and there are no specific clauses in the event of a change in control of the company. A non-competition agreement for the period after the end of the employment contract is not permitted, as per the Articles of Incorporation.

Summary of Executive Board pension plans

Members of the Executive Board are subject to the pension plans of the employing Group company in each case. Provisions for members of the Executive Board do not deviate from the rules applicable to all other employees.

4 Compensation, loans and credits to the Board of Directors, the Executive Board and related persons (audited)

The following tables provide a gross presentation of compensation; i.e. including employer contributions.

4.1 Compensation of the Board of Directors

Business year 2021

2021 in TCHF	Fixed compensation	Attendance fees for the Investment Committee	Attendance fees for the Finance Committee	Compensation for additional services	Share-based compensation	Employer social security contributions (AHV/IV pension benefits)	Gross compensation	Flat-rate expense allowance
Dr. Felix Grisard, President Investment, Audit and Finance Committee	300[1]	–	–	–	–	43[2]	343	12
Balz Halter, Vice President Investment, Compensation and Audit Committee	70	7	–	–	–	5	82	–
Salome Grisard Varnholt Compensation and Investment Committee	70	8	–	–	–	5	83	–
Dr. Jvo Grundler General Counsel	500	–	–	–	27[4]	84[2]	611[3]	6
Dr. Christian Wiesendanger Finance Committee (from 22/04/2021)	48	–	10	–	–	4	62	–
Anja Meyer (from 29/09/2021) Investment Committee	18	–	–	–	–	1	19	–
Dr. Walter Jakob Compensation and Audit Committee (until 21/04/2021)	22	–	–	–	–	–	22	–
Total compensation of the Board of Directors	**1,028**	**15**	**10**	**–**	**27**	**142**	**1,222**	**18**

1 Between meetings of the Board of Directors, the President meets the CEO on a weekly basis to discuss strategic issues.
2 Including pension benefits.
3 The fixed compensation applies to the Board of Directors role and the General Counsel role.
4 This item includes share-based compensation based on the employment contract. Shares that were distributed as part of share-based compensation and shares that were acquired outside share-based compensation are allocated to employees according to the proportional compensation or payment programme with a five-year retention period and a discount of 25.274% (discounted taxable value).

No compensation other than shown here was paid in 2021.

In business year 2021, the gross compensation of the Board of Directors rose by TCHF 18 (+1.5%) to TCHF 1,222 compared with the previous year (TCHF 1,204). The increase in compensation was due to the addition of Anja Meyer to the Board of Directors (from 29/09/2021). Dr. Christian Wiesendanger was elected on 22/04/2021, seamlessly replacing Dr. Walter Jakob.

Business year 2020

2020 in TCHF	Fixed compensation	Attendance fees for the Investment Committee	Compensation for additional services	Share-based compensation	Employer social security contributions (AHV/IV pension benefits)	Gross compensation	Flat-rate expense allowance
Dr. Felix Grisard, President Investment and and Audit Committee	300[1]	8	–	–	41[2]	349	–
Salome Grisard Varnholt Compensation and Investment Committee	70	8	–	–	6	84	–
Dr. Walter Jakob Compensation Committee and Audit Committee	70	–	4	–	–	74	–
Balz Halter Investment Committee	70	8	–	–	6	84	–
Dr. Jvo Grundler General Counsel	300	–	–	239[4]	74	613[3]	6
Total compensation of the Board of Directors	**810**	**24**	**4**	**239**	**127**	**1,204**	**6**

1 Between meetings of the Board of Directors, the President meets the CEO on a weekly basis to discuss strategic issues.
2 Including pension benefits.
3 The fixed compensation applies to the Board of Directors role and the General Counsel role.
4 This item includes share-based compensation based on the employment contract. Shares that were distributed as part of share-based compensation and shares that were acquired outside share-based compensation are allocated to employees according to the proportional compensation or payment programme with a five-year retention period and a discount of 25.274% (discounted taxable value).

No compensation other than shown here was paid in 2020.

4.2 Compensation of the Executive Board

HIAG's Executive Board is composed of the CEO, CFO and General Counsel. The compensation of the Executive Board includes the compensation of the CEO and CFO. The General Counsel is simultaneously a member of the Board of Directors and a member of the Executive Board. His total compensation is reported under compensation of the Board of Directors only.

in TCHF	Executive Board Total		Thereof Marco Feusi (CEO)	
Business year	**2021**[1]	2020	**2021**	2020
Base salary in cash (net)	**1,160**	1,105	**845**	845
Variable compensation in cash (individual bonus, net)	**455**	385	**325**	325
LTIP for 2021 (payable in cash in 2025, net)[2]	**464**	61	**428**	44
LTIP for 2021 (share-based compensation, net)	**288**	305	**252**	220
Other compensation components[3]	**29**	7	**7**	7
Pension benefits	**72**	59	**36**	32
Other social benefits[4]	**223**	138	**175**	105
Total compensation of the Executive Board (gross)	**2,691**	**2,060**	**2,068**	**1,578**
Flat-rate expense allowance	**26**	24	**12**	12

1 The total compensation of the Executive Board includes the benefits of the CEO (Marco Feusi), the new CFO (Rico Müller from 01/09/2021) and the former CFO (Laurent Spindler until 31/10/2021).
2 These amounts correspond to the share 2021 of the total maximum bonus pool of the LTIP. The provision for the part payable in cash amounted to TCHF 507 (previous year: TCHF 61) as at 31/12/2021.
3 Child allowances and training allowances.
4 AHV, ALV, BU, NBU, FAK, UVG

Change in the Executive Board during the reporting year:

The maximum variable individual bonus of the CEO for 2021 was reduced from TCHF 390 to TCHF 325.

Laurent Spindler left the Executive Board on 31 August 2021. As agreed on 19 April 2021, he received his base salary until 31 October 2021 (ordinary notice period). Furthermore, variable compensation (based on individual objectives) was paid on his departure in October 2021. With this payment, all contractual provisions have been fulfilled.

The compensation of the Executive Board in business year 2021 (TCHF 2,691) was TCHF 631 higher (+31%) than in the previous year (TCHF 2,060). The increase in compensation was due to the following reasons:

The overlap as part of the change in CFO (Rico Müller arrived on 1 September 2021; Laurent Spindler left on 31 October 2021) resulted in a higher base salary and a higher individual bonus compared with the previous year.

Thanks to the positive course of business in 2021, an ROE of 11.1% was achieved and the cap (maximum possible payout) of 6.5% was reached as per the LTIP model. This resulted in an increase in the LTIP payout and thus also the LTIP provision compared with the previous year. Furthermore, as of 31 December 2021, a fundamental reassessment of the calculation of the LTIP provision concerning the cash component was made as a result of an improved planning reliability. The calculation is now based on the assumption of a 100% goal achievement (6.5% ROE) over the years 2021-2024. This change in estimate led to a one-time increase in the LTIP provision of TCHF 305.

No compensation other than shown here was paid in 2021.

4.3 Loans and credits to the Board of Directors and Executive Board

No loans or credits were granted in 2021 to former members of the Board of Directors and Executive Board, nor were any such amounts outstanding as at 31 December 2021.

4.4 Compensation, loans and credits to related persons

In 2021, no compensation that was unusual for the market, loans or credits were paid or granted to related persons, and no such compensation or credits were still outstanding as at 31 December 2021.

5 Comparison of the compensation paid with the compensation approved by the General Meeting

Board of Directors

in TCHF	Approved compensation General Meeting 22 April 2021	Compensation 2021 according to para. 4
Fixed compensation and attendance fees in cash (net)	900	1,053
Share-based compensation	300	27
Compensation for additional services	100	–
Employer social security contributions and pension benefits	200	142
Total compensation of the Board of Directors (gross)	**1,500**	**1,222**

At TCHF 1,222, the total compensation of the Board of Directors is less than the TCHF 1,500 of compensation approved at the General Meeting.

The change in Dr. Jvo Grundler's compensation in business year 2021 (split between base salary and share-based compensation) resulted in a higher amount of fixed compensation paid to the Board of Directors than the approved amount, while the amount of share-based compensation was significantly lower.

Executive Board

in TCHF	Approved compensation General Meeting 22 April 2021	Compensation 2021 according to paragraph 4
Base salary in cash (net)	1,200	1,160
Variable compensation in cash (individual bonus, net)	600	455
LTIP for 2021	600	752
Other compensation components, employer social security contributions and pension benefits	400	324
Total compensation of the Executive Board (gross)	**2,800**	**2,691**

At TCHF 2,691, the total compensation of the Executive Board is less than the TCHF 2,800 of compensation approved at the General Meeting (see explanation in Section 4.2).

Report of the Statutory Auditor on the Compensation Report

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To the General Meeting of
HIAG Immobilien Holding AG, Basel

Basle, 11 March 2022

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of HIAG Immobilien Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) which are disclosed in section 4 of the remuneration report (on page 73 to 85).

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 HIAG Immobilien Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Fabian Meier
Licensed audit expert
(Auditor in charge)

Daniel Zaugg
Licensed audit expert

Consolidated Financial Statements

Consolidated Balance Sheet

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

Consolidated Balance Sheet

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

Consolidated Income Statement

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

[1] **Other operating income for 2020 still includes income from cloud services in the amount of TCHF 93.**

Consolidated Cash Flow Statement

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

Consolidated Cash Flow Statement

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

Statement of Shareholders' Equity

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

1 On 31 December 2021, share capital consisted of 10,119,600 registered shares at a nominal value CHF 1.00 per share (previous year: 8,433,000).
2 The badwill resulted from the acquisition of the subsidiary K-Buchs S.à.r.l. in April 2021. It was offset against retained earnings as at the date of acquisition.
3 On 16 November 2021, HIAG Immobilien Holding AG issued 1,686,600 new registered shares with a nominal value of CHF 1.00 per share as part of a capital increase. The issue price per share was CHF 95.00. The net proceeds after offsetting the capital transaction costs amounted to TCHF 155,959.

Notes to the Consolidated Financial Statements

Segment reporting

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

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

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

Segments 1 January 2021 to 31 December 2021

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

Depreciation and amortisation	-499
Financial result	-9,156
Taxes	-16,708
Net income for the period	**89,263**

Restated Segments 1 January 2020 to 31 December 2020[1]

in TCHF	Yielding portfolio	Development portfolio	Transaction	Others	Intersegment elimination	Group
Property income	49,104	10,883	–	–	-250	59,738
Revaluation of properties	9,756	14,222	3,024	–	–	27,002
Income from sale of properties	–	10,560	–	–	–	10,560
Profit from sale of investment properties	–	–	4,905	–	–	4,905
Other operating income	1,222	5,221	–	7,189	-1,101	12,531
Total operating income	**60,082**	**40,887**	**7,929**	**7,189**	**-1,351**	**114,736**
Direct expenses from sales of properties	–	–9,133	–	–	–	-9,133
Cost of materials	–	–	–	-3,097	–	-3,097
Personnel expenses	-3,256	-7,704	-433	-5,087	–	-16,479
Maintenance and repairs	-3,729	5,186	–	-1,216	–	242
Insurance and fees	-658	-590	–	-401	–	-1,649
Energy costs and building maintenance	-1,181	-3,126	–	-52	–	-4,360
General operating expenses	-153	-84	–	-230	–	-467
Office, administrative and development expenses	-2,025	-1,310	-247	-4,379	839	-7,121
Marketing expenses	-430	-47	–	-265	–	-743
Rent and leases	-1,021	-549	–	-616	512	-1,675
Total operating expenses	**-12,454**	**-17,357**	**-680**	**-15,342**	**1,351**	**-44,481**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**47,628**	**23,530**	**7,249**	**-8,153**	**–**	**70,254**
EBITDA before revaluation of properties without minority interests	**37,872**	**9,308**	**4,225**	**-8,153**	**–**	**43,252**
Depreciation and amortisation						-396
Financial result						-8,592
Taxes						-6,107
Net income for the period						**55,159**

[1] **Supplemented to include the "Transaction" segment; the "Cloud" segment is presented in the "Others" segment.**

Consolidated Financial Statements

Accounting principles

The Consolidated Financial Statements of HIAG Immobilien Holding AG were prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER), and the special provisions for real estate companies stipulated under Article 17 of the SIX Swiss Exchange's Directive on Financial Reporting, and present a true and fair view of its net assets, financial position and results of operations.

The Consolidated Financial Statements are based on the individual financial statements of the HIAG Group companies. The relevant accounting standards are explained below.

The Consolidated Financial Statements are presented in Swiss francs (CHF). All figures are presented in thousands of Swiss francs (TCHF) unless indicated otherwise. Rounding to thousands of CHF may result in rounding differences.

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

Scope of consolidation

The Consolidated Financial Statements comprise all subsidiaries of HIAG Immobilien Holding AG in which the Company directly or indirectly holds more than 50% in the form of voting rights. Full consolidation is applied, which means that 100% of the assets, liabilities, expenses and income of the companies to be consolidated are assumed and all inter-company items are eliminated. Minority interests in equity and net income are disclosed separately in the balance sheet and the income statement. Changes in ownership interests in subsidiaries are recorded as equity transactions, provided that control continues.

Associated companies, in which HIAG Immobilien Holding AG holds direct or indirect participations of 20% to 50% of voting rights or share capital are consolidated according to the equity method. Participations below 20% are included in the Consolidated Balance Sheet under Financial assets at acquisition cost minus any operationally necessary impairment.

Company	Share capital in TCHF	Stake 2021[1] in %	Stake 2020[1] in %	Location
HIAG Immobilien Schweiz AG	11,000	100	100	Baar
HIAG AG[2]	150	–	100	Basel
HIAG Immobilien AG[3]	5,000	–	100	St. Margrethen
HIAG Immobilier Léman SA	1,000	100	100	Aigle
Léger SA	400	100	100	Lancy
Weeba SA	100	100	100	Lancy
Pellarin-Transports SA	50	100	100	Lancy
Promo-Praille SA	200	100	100	Lancy
Jaeger et Bosshard SA	1,175	100	100	Lancy
Société coopérative en faveur du développement des terrains industriels de la Praille-Sud	35	100	100	Lancy
HIAG Immobilien AG[4]	10,000	100	100	Zürich
Trans Fiber Systems SA	107	100	100	Menziken
HIAG Real Estate AG	400	100	100	Zürich
HIAG Labs AG	100	100	100	Zürich
Associated participations				
HIAG Solar AG[5]	200	49	-	Münchenstein

1 Voting rights and share capital
2 On 1 January 2021, HIAG AG merged with HIAG Immobilien Schweiz AG.
3 On 1 January 2021, HIAG Immobilien AG merged with HIAG Immobilien Schweiz AG.
4 HIAG Data AG was renamed HIAG Immobilien AG during the reporting year. As part of the strategy of the HIAG Group, HIAG Immobilien AG will have a real estate purpose (holding, developing and buying/selling properties).
5 HIAG Solar AG was founded on 5 March 2021 in cooperation with aventron solar AG. It is valued using the equity method.

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

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

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

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

Consolidation method

Capital consolidation is based on the purchase method, in which the acquisition costs of an acquired company are offset against the net assets, which were newly measured at the time of acquisition in accordance with group-wide accounting standards. The difference rising from the purchase price and the newly valued net assets of the acquired company is termed goodwill or badwill. Any goodwill or badwill is offset against or credited to retained earnings with no effect on income. The initial consolidation takes effect with the transfer of control over the acquired companies.

Changes in the scope of consolidation

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

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

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

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

Translation of foreign currencies

All the companies within the HIAG Group scope of consolidation use the Swiss franc as their functional currency. Consequently, there are no foreign currency translation effects.

Significant accounting and valuation policies

Cash and cash equivalents

"Cash and cash equivalents" comprises cash in hand, postal check account deposits and demand deposits with banks and money market instruments with a term of less than three months. They are stated at their nominal value. Cash and cash equivalents held in a foreign currency are translated at the year-end conversion rate.

Trade receivables and other current receivables

"Trade receivables" and "Other current receivables" are reported at their realisable value. Receivables that are considered to be potential bad debts are reported at nominal value minus the necessary impairments.

Properties for sale

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

Investment properties

General

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

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

Properties

Properties are broken down into "Yielding properties" and "Development properties". "Yielding properties" are those properties for which no development is planned. "Development properties" describes properties that are to undergo development in the medium term and/or for which development planning is currently underway.

Properties currently under development

Properties that are under development at the time the balance sheet is drawn up are grouped under the item "Properties currently under development". They are reported as "Properties currently under development" from the time the initial work is contracted until the development project is completed and/or is ready for occupation.

Derivative financial instruments

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

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

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

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

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

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

Financial assets, financial assets from shareholders

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

Impairment of assets

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

Trade payables and other current and non-current liabilities

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

Financial liabilities

Mortgages, other collateralised financing and bonds are listed as financial liabilities and recorded in the balance sheet at nominal value. Mortgages and fixed advances that are not repaid within 12 months but renewed are reported under "Non-current financial liabilities" to reflect the economic reality.

Transaction costs of bonds and differences between the received equivalent value and the repayment amount are amortised in the income statement over the term of the costs.

Payments due within 12 months are classified as "Current financial liabilities".

Leasing

When referring to leases, a distinction is made between a finance lease and an operating lease. A lease is a finance lease if all the risks and opportunities associated with an asset are transferred on transfer of possession of the asset. If the lease is a finance lease, the assets and current and non-current lease liabilities are reported in the balance sheet. The lease payments are divided into interest and repayment components. The interest component is recorded under "Finance expenses" through profit or loss, and the amortisation component is booked as a reduction of the lease liability.

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

Current and non-current provisions

Provisions are formed to cover identifiable risks and obligations. Provisions are recognised where there is an obligation to a third party as a result of an event in the past and the amount of the obligation can be determined reliably. The amount of the provision is based on the anticipated outflow of resources necessary to fulfil this obligation. Provisions are recorded as current or non-current according to their respective due dates.

Pension benefit obligations in accordance with Swiss GAAP FER 16

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

Property income

Property income includes rental income after deduction of vacancy losses, proceeds from the sale of electricity from owned power stations and losses in earnings, such as rental income losses. Rental income is recorded in the Income Statement when the rent is due. If tenants are granted rent-free periods, the equivalent value of the incentive is recorded on a linear basis over the entire term of the rental agreement as an adjustment to property income. Revenue from the sale of electricity is recorded when the service is provided.

Income from the sale of properties

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

Profit from the sale of properties

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

Other operating income

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

Inventory and costs of material

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

Maintenance and repairs

Maintenance expenses do not include value-enhancing investments and are recorded in the Income Statement.

Financial result

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

Income tax

This item covers deferred taxes and current taxes on income.

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

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

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

Transactions with shareholders and related parties

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

Share-based compensation

Share-based compensation is recognised as personnel expenses. Shareholders' equity constitutes the corresponding opposite item for share-based compensation; liabilities (provisions) for cash-based compensation. Share-based compensation is disclosed under Note 19.

Off-balance sheet items

Contingent liabilities and other off-balance sheet liabilities are valued and disclosed at the balance sheet reporting date. Provisions are set aside if contingent liabilities and other off-balance sheet liabilities result in a cash outflow devoid of beneficial cash inflow, and the cash outflow is probable and foreseeable.

Estimates

Preparation of the financial statements requires a number of estimates and assumptions to be made. These relate to the reported assets, liabilities and contingent liabilities at the time of preparation of the balance sheet, and to income and expenses during the reporting period. Should the estimates and assumptions made to the best of the company's knowledge at the balance sheet date deviate from actual circumstances, adjustments to the original estimates and assumptions are then carried out in the reporting year in which the circumstances change.

Events after the balance sheet date

No significant events took place after the balance sheet date that have an impact on the book values of the declared assets and liabilities or which must be disclosed at this point.

The Consolidated Financial Statements were approved by the Board of Directors on 11 March 2022. The Consolidated Financial Statements are subject to approval by the General Meeting.

1 Trade receivables

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

2 Other current receivables

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

3 Properties for sale

in TCHF	31/12/2021	31/12/2020
Promotion project "CHAMA stage 1"	32,111	29,427
Total properties for sale	**32,111**	**29,427**

Project	Acquisition/ Project start	Estimated investment volume in TCHF[1]	Project status	Expected completion	Completion status in %[2]
Promotion project "CHAMA stage 1"	2020	39,670	under construction	2024	13%

[1] Excl. land value of TCHF 26,920
[2] Land value not taken into account when calculating the completion status

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

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

4 Investment properties

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

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

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

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

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

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

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

Market value of investment properties according to use[1] as at 31 December 2021

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

1 The type of use is based on the main use of the properties
2 The market values of real estate investmentsInvestment properties during the reporting year do not include the properties held for sale (CHAMA, STEWE, recognised in "Current assets"). The previous year was adjusted accordingly.

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

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

[1] The market values of Investment properties during the reporting year do not include the properties held for sale (CHAMA, STEWE, recognised in "Current assets"). The previous year was adjusted accordingly.

5 Other non-current receivables

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

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

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

6 Shares in associated companies

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

7 Prepayments and accrued income

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

8 Financial assets

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

Changes to loans to third parties

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

9 Other current liabilities

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

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

10 Provisions

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

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

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

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

11 Financial liabilities

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

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

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

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

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

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

Conditions of financial liabilities as at 01 January 2022

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

Conditions of financial liabilities as at 01 January 2021

Position	Book value in TCHF	Currency	Date due	Interest rate
Liabilities to banks	172,466	CHF	See 'Due dates in TCHF as at 31/12/2020	Between 0.5% and 2.7%
Bonds	640,000	CHF	See 'Terms and conditions of financial liabilities'	Between 0.8% and 1.0%
Leasing liabilities	4,220	CHF	31/10/2021 with quarterly repayments	0.5%
Total	**816,686**			

Terms and conditions of financial liabilities

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

Financial liabilities are recognised and measured at nominal value.

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

2022	1,935	2%
2023	61,090	66%
2024 and longer	29,070	32%
Total	**92,096**	**100%**

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

2021	35,037	20%
2022	7,791	5%
2023	37,875	22%
2024 and longer	91,762	53%
Total	**172,466**	**100%**

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

Up to one year including building loan	63,040	68%
2023	–	0%
2024 and longer	29,055	32%
Total	**92,096**	**100%**

Fixed interest rates for bank liabilities in TCHF as at 31. December 2020 (until next interest rate adjustment):

Up to one year including building loan	97,110	56%
2022	7,791	5%
2023	37,875	22%
2023 and longer	29,689	17%
Total	**172,466**	**100%**

12 Accrued expenses and deferred income

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

13 Employee benefits

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

As at 31 December 2021

in TCHF	Nominal value	Renounced use	Balance sheet	Formation	Balance sheet	Result from ECR[1] in personnel expenses	
	31/12/2021	31/12/2021	31/12/2021	2021	31/12/2020	2021	2020
Patronage pension institutions	–	–	–	–	–	–	–
Pension institution	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**

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

As at 31 December 2020

in TCHF	Nominal value	Renounced use	Balance sheet	Formation	Balance sheet	Result from ECR[1] in personnel expenses	
	31/12/2020	31/12/2020	31/12/2020	2020	31/12/2019	2020	2019
Patronage pension institutions	–	–	–	–	–	–	365
Pension institution	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**365**

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

14 Property Income

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

Most significant tenants

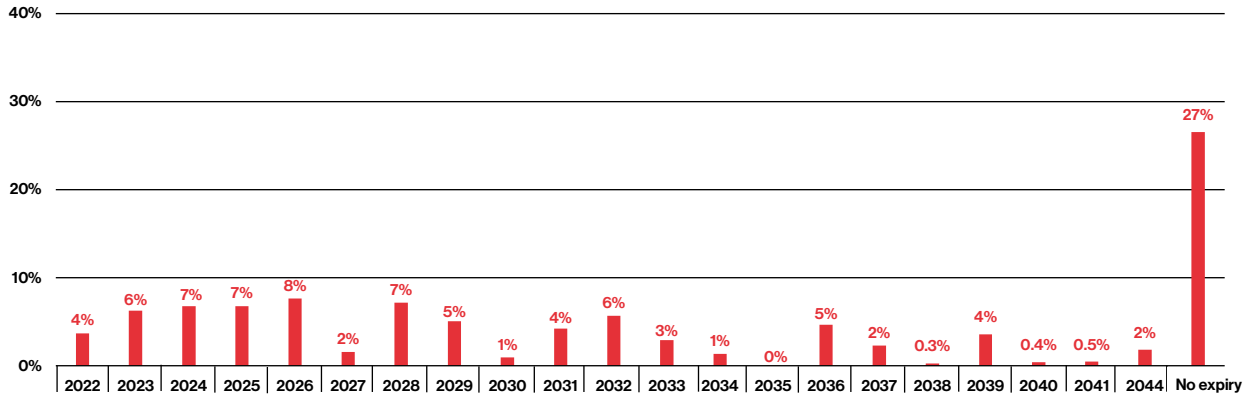
As of the balance sheet date, HIAG's five most significant tenants measured in terms of annualised property income are (in alphabetical order): Amcor Flexibles Rorschach AG, C&A Mode AG, Doka Schweiz AG, Hewlett-Packard International Sàrl HPE and Sieber Transport AG. During the previous year, the following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

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

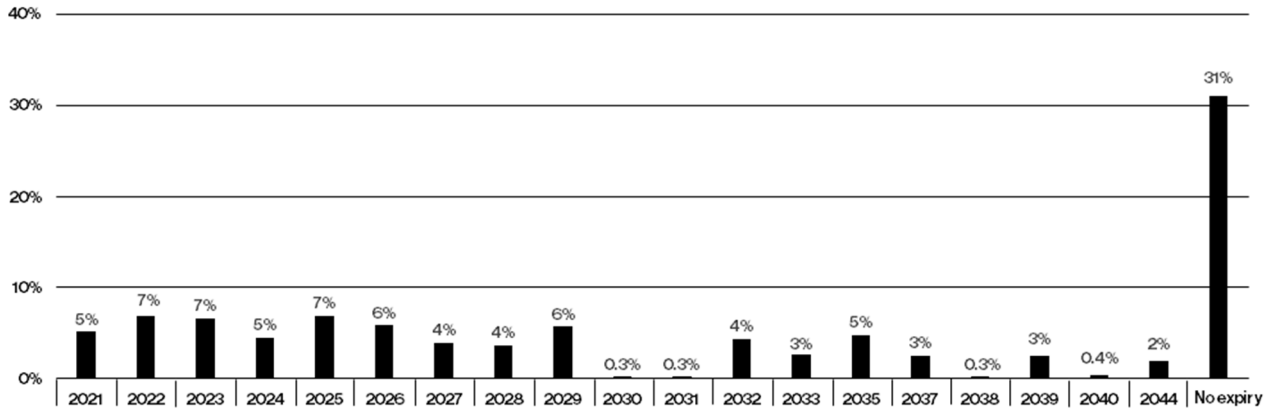
Expiry of rental agreements

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

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



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



Annualised property income by property use[1]

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

[1] **The type of use is based on the main use of the properties.**

Annualised property income by canton

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

Vacancy rate

Vacancy rate in %	**31/12/2021**	31/12/2020
Yielding properties	9.6%	13.0%
Development properties	15.7%	13.7%
Total portfolio	**10.7%**	**13.2%**

15 Revaluation of properties

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

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

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

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

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

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

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

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

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

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

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

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

17 Other operating income

in TCHF	2021	2020
Services rendered to third parties	181	698
Income from metal recycling	10,521	5,879
Other operating income[1]	3,412	5,955
Total	**14,114**	**12,531**

[1] Other operating income for 2020 includes income from cloud services in the amount of TCHF 93.

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

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

18 Personnel expenses

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

[1] Thereof discount of TCHF 236 on the sale of HIAG Immobilien Holding AG shares for HIAG Group employees

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

[1] Thereof discount of TCHF 158on the sale of HIAG Immobilien Holding AG shares for HIAG Group employees

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

[1] Reported in the segment "other"

31/12/2020	Real estate	Pratteln site	Jaeger et Bosshard SA[1]	Total
Employee headcount	58	15	12	**85**
Full-time employees	51.0	14.3	12.0	**77.3**

[1] Reported in the segment "other"

19 Share-based compensation

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

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

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

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

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

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

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

20 Maintenance and repairs

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

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

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

21 Energy and service charges

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

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

22 Financial result

in TCHF	2021	2020
Exchange rate gains	1	2
Other financial income[1]	1,027	966
Total financial income	**1,028**	**968**

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

1 Thereof 580 TCHF are attributable to the purchase price adjustment of Jaeger et Bosshard SA.
2 Refer to the explanation in note 8.
3 In 2021, includes pro-rated issuing costs for bonds in the amount of TCHF 416, which are amortised over the term of the bonds in the Income Statement (previous year: TCHF 410).

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

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

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

23 Taxes

23.1 Income taxes

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

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

23.2 Tax liabilities

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

23.3 Deferred tax provisions and liabilities

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

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

in TCHF	31/12/2021	31/12/2020
Capitalised losses carried forward	1	718
Total	**1**	**718**

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

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

24 Unrecognised lease liabilities

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

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

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

25 Shareholders' equity

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

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

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

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

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

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

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

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

26 Significant shareholders

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

[1] **HIAG Beteiligung Holding AG is controlled by Dr. Felix Grisard.**
[2] **Grisgros AG is controlled by Andrea Grisard.**
[3] **Senft AG is controlled by Salome Grisard Varnholt.**

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

Shares held by current members of the executive and supervisiory board

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

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

27 Treasury shares

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

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

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

28 Other pledged assets

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

29 Assets assigned to secure own liabilities

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

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

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

in TCHF	31/12/2021	31/12/2020
Guarantees to third parties	30,501	30,501
Total	30,501	30,501

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

31 Treatment of goodwill and badwill

31.1 Goodwill

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

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

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

Impact of a theoretical capitalisation of goodwill on net income:

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

31.2 Badwill

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

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

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

Impact of a theoretical release of badwill on net income:

in TCHF	2021
Net income	**89,263**
Theoretical dissolution of badwill	**132**
Net income after attribution of badwill	**89,395**

Report of the Statutory Auditor on the Consolidated Financial Statements

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To the General Meeting of
HIAG Immobilien Holding AG, Basel

Basle, 11 March 2022

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of HIAG Immobilien Holding AG, which comprise the consolidated balance sheet, the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (pages 87 to 124 and 128 to 131), for the year ended 31 December 2021.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of Real estate properties (incl. environmental risks)	
Risk	As at 31 December 2021, Real estate properties (incl. environmental risks) recognized in the company's consolidated balance sheet amounted to a total of kCHF 1'752'318, representing 92% of total consolidated assets. The valuation of the real estate properties (incl. environmental risks) involved the work of external appraisers and is performed at fair value. The fair value assessment for the real estate properties is based on assumptions, in particular with regard to development risks, rental income, discount rates, vacancy rates as well as operating, maintenance and repair costs. The valuation of Real estate properties is further discussed in section "Significant Accounting and Valuation Policies" and note 4 "Real estate properties" of the notes to the consolidated financial statements. Due to the significance of the carrying amounts and the judgment involved in the assessment of the valuation, this matter was considered significant to our audit.
Our audit response	As part of our audit, we assessed the objectivity, independence and competence as well as the applied valuation models of the external real estate and environmental appraiser. Further, we evaluated on a sample basis the appropriateness of the assumptions used in the valuations, in particular with regard to development risks, rental income and sales revenue, discount rates, vacancy rates as well as operating, maintenance and repair costs. We also assessed the underlying key assumptions of the external real estate and environmental appraiser as we discussed those with management and the external experts. Our audit procedures did not lead to any reservations concerning the valuation of Real estate properties.

Valuation of Deferred tax liabilities	
Risk	The recorded Deferred tax liabilities are attributable mainly to valuation differences between the fair values of the properties and the values applicable for tax purposes. As at 31 December 2021, they amounted to kCHF 81'084. The Deferred tax liabilities are discounted at a rate of 2%. The discounting of Deferred tax liabilities is discussed in section "Significant Accounting and Valuation Policies" and note 23 "Taxes" of the notes to the consolidated financial statements. Due to the significance of the carrying amounts and the judgment involved in determining these (fair value, remaining holding period, discount and tax rates), this matter was considered significant to our audit.
Our audit response	With the involvement of our tax specialists we assessed the assumptions used in determining the Deferred tax liabilities, in particular the estimated holding period of the properties. We compared the assumptions with those of the prior year and our expectations and analyzed deviations. In addition, we assessed the discounting of the deferred tax liabilities. Our audit procedures did not lead to any reservations concerning the approach and valuation of Deferred tax liabilities.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Fabian Meier
Licensed audit expert
(Auditor in charge)

Daniel Zaugg
Licensed audit expert

General Property Details

Yielding portfolio

Property ID	Canton	Municipality	Property	Main use[1]	Market value (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Effective Area to be developed (sqm) Residential	Residential & Commercial	Industry	Commercial	Office	Total
10201	AG	Kleindöttingen	Industriestrasse 39-41	Industrial		1.5	1.5	100%	65,356	1997/2007	2019	-	3.4	Sole ownership	100%	-	-	-	-	-	-	-	-
10202	AG	Kleindöttingen	Industriestrasse 14/20/26/30/34/46	Industrial		1.8	1.7	95%	38,314	1971	2012	-	4.0	Sole ownership	100%	-	-	-	-	-	-	-	-
10203	AG	Kleindöttingen	Industriestrasse 3, 40-44	Industrial		1.6	1.4	86%	14,517	1971	1999	2008	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-
10204	AG	Kleindöttingen	Hauptstrasse 70	Industrial		0.3	0.2	77%	6,625	1961	1977	-	4.5	Sole ownership	100%	-	-	-	-	-	-	-	-
10207	AG	Kleindöttingen	Industriestrasse 21	Industrial		0.6	0.5	73%	12,849	1969	1974	-	4.5	Sole ownership	100%	-	-	-	-	-	-	-	-
10303	ZH	Niederhasli	Stationstrasse 27-32, Parzelle 3131	Industrial		2.3	2.3	100%	28,122	2021	-	-	3.3	Sole ownership	100%	-	-	-	-	-	-	-	-
13401	AG	Klingnau	Weierstrasse 5 / Kanalstrasse 8	Industrial		0.1	0.8	90%	12,984	1965	2008	-	4.2	Sole ownership	100%	-	-	-	-	-	-	-	-
13402	AG	Klingnau	Industriestrasse 7	Industrial		0.4	0.3	78%	5,529	1955	-	-	4.5	Sole ownership	100%	-	-	-	-	-	-	-	-
13403	AG	Klingnau	Industriestrasse 4/10, Brühlstrasse 46-50	Industrial		0.9	0.8	97%	13,009	1955	2008	-	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-
13404	AG	Klingnau	Brühlstrasse 33-41	Industrial		0.2	0.2	95%	6,170	1953	1955	-	4.7	Sole ownership	100%	-	-	-	-	-	-	-	-
22501	VD	Yverdon	Route de Grandson 48	Industrial		1.7	1.4	84%	19,758	1910	2013	-	3.8	Sole ownership	100%	Yes	-	-	-	-	-	-	-
30402	ZH	Aathal	Gstalderstrasse 5	Industrial		0.5	0.5	97%	17,317	1870	1964	1993	4.4	Sole ownership	100%	-	-	-	-	-	-	-	-
31401	SG	Goldach	Langrütistrasse 19	Industrial		3.0	3.0	100%	63,631	1973/1995	2020	-	3.4	Sole ownership	100%	-	-	-	-	-	-	-	-
32001	BL	Reinach	Am Kägenrain 1-3	Industrial		0.5	0.3	61%	6,503	1989			3.6	Sole ownership	100%			-	-	-	-	-	-
33101	ZH	Wädenswil	Seestrasse 205/219, Bürglistrasse 43	Industrial		0.9	0.9	100%	11,105	1916	-	-	3.4	Sole ownership	100%	-	-	-	-	-	-	-	-
35001	GL	Diesbach	Legler Fabrik	Industrial		0.0	0.0	81%	9,890	1910	1996	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-
36110	SO	Biberist	MEG Emenkanal, land	Industrial		0.0	0.0	-	-	-	-	-	5.0	Sole ownership	100%	-	-	-	-	-	-	-	-
62001	BL	Allschwil	Binningerstrasse 87-89	Industrial		0.4	0.4	100%	1,999	1809	1957	-	3.7	Sole ownership	100%	-	-	-	-	-	-	-	-
			Total Industrial		303.1	15.4	16.1		333,678									0	0	0	0	0	0
10502	TG	Ermatingen	Hauptstrasse 189	Logistics		0.4	0.4	100%	12,257	1994	-	-	4.5	Sole ownership	100%	-	-	-	1,559	-	-	-	1,559
10601	BL	Füllinsdorf	Wölferstrasse 27/27a	Logistics		0.9	0.8	98%	16,000	1971	1983	2015	3.9	Sole ownership	100%	-	-	-	-	-	-	-	-
10701	GE	Carouge	Rue Baylon 13-15	Logistics		1.5	1.5	100%	10,871	1970	2003	-	3.8	Building right	100%	-	-	-	-	-	-	-	-
12801	SG	St. Margrethen	Plot no. 2957	Logistics		0.1	0.1	100%	13,880	-	-	-	2.5	Building right	100%	-	-	-	-	-	-	-	-
36104	SO	Biberist	Fabrikstrasse 36-38	Logistics		1.5	1.5	100%	23,000	1991	-	-	3.7	Sole ownership	100%	-	-	-	-	-	-	-	-
60402	BL	Birsfelden	Langenhagstrasse 6/10/18	Logistics		1.0	1.0	100%	8,383	1960	2006	2017	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-
69901	AG	Brunegg	Breitackerstrasse 10	Logistics		1.7	1.7	100%	28,142	1993	-	2013	3.5	Sole ownership	100%	-	-	-	-	10,785	-	-	10,785
70001	AG	Brunegg	Industriestrasse 1	Logistics		1.8	1.8	100%	15,293	1974	1985	2001	3.7	Sole ownership	100%	-	-	-	-	-	-	-	-
70501	AG	Buchs	Oberholzstrasse 10	Logistics		2.4	2.4	100%	38,797	2007	-	-	3.4	Sole ownership	100%	-	-	-	-	-	-	-	-
			Total Logistics		203.1	11.2	11.2		166,623									0	1,559	10,785	0	0	12,344
29001	GE	Meyrin	Route du Nant d'Avril 150, Hive I	Office		2.3	1.5	67%	7,681	1981	2019	-	3.6	Building right	100%	-	-	-	-	-	-	-	-
29002	GE	Meyrin	Route du Nant d'Avril 150, Hive II	Office		2.5	2.5	98%	6,821	2017	-	-	3.1	Building right	100%	-	-	-	-	-	-	-	-
31501	TG	Frauenfeld	Walzmühlestrasse 47	Office		0.2	0.2	100%	2,189	1926	2017	-	3.6	Sole ownership	100%	-	-	-	-	-	-	-	-
32106	AG	Windisch	Dorfstrasse 69	Office		0.5	0.5	91%	2,466	1959	-	2008	4.1	Sole ownership	100%	-	-	-	-	-	-	-	-
34001	AG	Brugg	Wildischachenstrasse 12-14	Office		0.6	0.5	96%	11,080	1960	-	-	4.2	Sole ownership	100%	-	-	-	-	-	-	-	-
35002	GL	Diesbach	Hauptstrasse 38-40	Office		0.0	0.0	51%	7,683	1961	1970	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-
60401	BL	Birsfelden	Sternenfeldpark 14	Office		1.5	0.9	58%	3,554	2009	-	-	4.7	Sole ownership	100%	-	-	-	-	-	-	-	-
			Total Office		139.1	7.6	6.1		41,474									0	0	0	0	0	0
10104	ZH	Dietikon	Riedstrasse 11	Others		0.0	0.0	100%	930	-	-	-	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-
10801	BS	Riehen	Plot no. 1700	Others		0.2	0.2	100%	5,485	-	-	-	2.3	Building right	100%	-	-	-	-	-	-	-	-
29004	GE	Meyrin	Route du Nant d'Avril 150, Pavillon	Others		0.2	0.2	100%	952	2020	-	-	3.2	Building right	100%	-	-	-	-	-	-	-	-
30501	ZH	Aathal/Wetzikon	Agricultural land / land without use	Others		0.0	0.0	-	196	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-
32107	AG	Windisch	Kunzareal - Heinrich	Others		0.0	0.0	-	3,252	1960	-	2017	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-
35004	GL	Diesbach	Power plant	Others		0.7	0.7	100%	-	1996	-	2015	4.5	Sole ownership	100%	-	-	-	-	-	-	-	-
36112	SO	Biberist	Power plant	Others		0.3	0.3	100%	-	1984	-	2014	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-
36204	SO	Biberist	Derendingerstrasse 16 (Plot no. 944, 1172, 1179)	Others		0.0	0.0	-	-	-	-	-	3.0	Sole ownership	100%	-	-	-	-	-	-	-	-

General Property Details

Property ID	Canton	Municipality	Property	Main use[1]	Market value (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Effective Area to be developed (sqm) Residential	Residential & Commercial	Industry	Commercial	Office	Total
60601	SO	Gempen	Schartenhof	Others		0.0	0.0	100%	2,331	1950	-	2006	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-
			Total Others		22.3	1.3	1.3		13,146									0	0	0	0	0	0
18101	ZG	Cham	Lorzenparkstrasse 2-16	Res. mixed		3.1	2.9	93%	13,537	2008	-	-	3.0	Sole ownership	100%	-	-	-	-	-	-	-	-
30603	ZH	Aathal	Zürichstrasse 22-24	Res. mixed		0.1	0.1	73%	3,567	1870	1860	1989	4.0	Sole ownership	100%	-	-	-	-	-	-	-	-
31502	TG	Frauenfeld	Walzmühlestrasse 49	Res. mixed		0.7	0.7	97%	2,043	1922	2017	-	3.2	Sole ownership	100%	-	-	-	-	-	-	-	-
13406	AG	Klingnau	Parkstrasse 15-29	Residential		1.1	1.1	93%	13,071	1999	2008	-	3.1	Sole ownership	100%	-	-	-	-	-	-	-	-
13407	AG	Klingnau	Parkstrasse 7-13	Residential		0.5	0.5	92%	6,075	1999	2008	-	3.2	Sole ownership	100%	-	-	-	-	-	-	-	-
30404	ZH	Aathal	Zürichstrasse 1-7	Residential		0.1	0.1	100%	4,343	1900	-	1995	3.2	Sole ownership	100%	-	-	-	-	-	-	-	-
30802	ZH	Wetzikon	Zürcherstrasse 130-132/131-133	Residential		0.1	0.1	98%	-	1839	-	2003	3.3	Sole ownership	100%	-	-	-	-	-	-	-	-
30904	ZH	Wetzikon	Usterstrasse 128	Residential		0.2	0.2	100%	1,569	1870	2007	-	2.6	Sole ownership	100%	-	-	-	-	-	-	-	-
30905	ZH	Wetzikon	Haldenstrasse 20	Residential		0.3	0.3	100%	1,741	1971	2020	-	2.5	Sole ownership	100%	-	-	-	-	-	-	-	-
30908	ZH	Wetzikon	Weststrasse 26-28	Residential		0.4	0.4	100%	1,908	2020	-	-	2.4	Sole ownership	100%	-	-	-	-	-	-	-	-
30909	ZH	Wetzikon	Florastrasse 9	Residential		0.2	0.2	82%	1,899	1990	2018	-	2.6	Sole ownership	100%	-	-	-	-	-	-	-	-
30910	ZH	Wetzikon	Usterstrasse 88-104	Residential		0.2	0.2	100%	2,073	1791	2018	-	2.5	Sole ownership	100%	-	-	-	-	-	-	-	-
32102	AG	Windisch	Spinnereistrasse 10-12/15	Residential		1.3	1.3	98%	5,122	2014	-	-	2.8	Sole ownership	100%	-	-	-	-	-	-	-	-
32108	AG	Windisch	Spitzmattstrasse 6	Residential		1.2	1.2	100%	5,115	1960	-	2018	3.1	Sole ownership	100%	-	-	-	-	-	-	-	-
36203	SO	Biberist	Herrenweg 4/8/10	Residential		0.0	0.0	100%	-	1928	-	1992	3.0	Sole ownership	100%	-	-	-	-	-	-	-	-
60301	BL	Birsfelden	Weidenweg 8-10	Residential		0.6	0.6	96%	3,798	1989	-	-	2.8	Sole ownership	100%	-	-	-	-	-	-	-	-
60302	BL	Birsfelden	Hauptstrasse 84-88	Residential		0.4	0.4	91%	1,787	1989	-	-	3.6	Sole ownership	100%	-	-	-	-	-	-	-	-
			Total Residential		249.1	10.6	10.5		67,648									0	0	0	0	0	0
10101	ZH	Dietikon	Riedstrasse 3	Retail		2.5	1.1	45%	13,690	1982	2002	2007	4.3	Sole ownership	100%	-	-	-	-	-	-	-	-
10102	ZH	Dietikon	Riedstrasse 5	Retail		2.3	2.3	100%	13,500	1982	-	1993	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-
10103	ZH	Dietikon	Riedstrasse 7-9	Retail		0.1	0.1	100%	10,543	1982	-	-	3.7	Sole ownership	100%	-	-	-	-	-	-	-	-
30401	ZH	Aathal	Zürichstrasse 13-25	Retail		2.3	2.1	86%	16,597	1862	2014	-	4.0	Sole ownership	100%	-	-	-	-	-	-	-	-
31601	NE	Neuchâtel	Rue du Plan 30	Retail		1.6	1.6	100%	7,978	1963	-	2019	3.8	Sole ownership	100%	-	-	-	-	-	-	-	-
70401	AG	Buchs	Fabrikweg 12	Retail		0.4	0.4	100%	18,211	1988	-	2007	4.0	Building right	100%	-	-	-	-	-	-	-	-
			Total Retail		221.0	9.2	7.6		80,519									0	0	0	0	0	0
			Total Yielding Portfolio		**1,137.7**	**57.7**	**52.2**	**91.6%**	**703,088**									**0**	**1,559**	**10,785**	**0**	**0**	**12,344**

1 Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use
2 Net site area does not include agricultural land and land without utilisation (total approximately 1.0 million sqm)
3 Second building phase

General Property Details

Development portfolio

Effective Area to be developed (sqm)

Property ID	Canton	Municipality	Property	Main use[1]	Market value[4] (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Residential	Residential & Commercial	Industry	Commercial	Office	Total
10208	AG	Kleindöttingen	Plot no. 420	Others		0.0	0.0	-	43,400	-	-	-	2.0	Sole ownership	100%	-	-	-	31,046	-	-	-	31,046
13405	AG	Klingnau	Schützenmattstrasse 7, Parkstrasse 14	Industrial		0.3	0.2	73%	11,035	1949	1961	-	2.0	Sole ownership	100%	-	-	-	6,621	-	-	-	6,621
13408	AG	Klingnau	Weierstrasse 8	Others		0.0	0.0	-	2,144	-	-	-	2.0	Sole ownership	100%	-	-	-	920	-	-	-	920
32105	AG	Windisch	Kunzareal - Zentrum West	Industrial		0.1	0.1	100%	2,481	1827	1890	-	3.2	Sole ownership	100%	-	-	-	1,564	-	-	-	1,564
34002	AG	Brugg	Wildischachenstrasse 16	Industrial		1.3	1.1	85%	33,505	1960	-	-	3.5	Sole ownership	100%	-	-	-	-	-	24,154	-	24,154
40101	AG	Menziken	Hauptstrasse 85	Others		0.0	0.0	-	10,717	1911	-	-	3.4	Sole ownership	100%	-	-	-	9,600	-	-	-	9,600
72001	AG	Hausen/Lupfig	Hauptstrasse 96 / Hauptstrasse 98-100	Others		0.0	0.0	100%	64,258	-	-	-	3.6	Sole ownership	100%	Yes	-	-	-	32,173	-	-	32,173
61101	BL	Aesch	Industriestrasse 45-61	Industrial		0.9	0.9	99%	35,932	1900	1940	-	4.4	Sole ownership	100%	-	-	-	-	-	9,180	-	9,180
63001	BL	Pratteln	Güterstrasse 23-29, Gempenstrasse 6/6a	Others		0.0	0.0	-	31,585	1949	2002	-	2.9	Sole ownership	100%	-	-	-	44,650	-	-	-	44,650
			Total North-West Switzerland		101.7	2.5	2.3		235,057									0	94,401	32,173	33,334	0	159,908
18103	ZG	Cham	Plot no. 3165 Yielding stage 1	Others		0.1	0.1	83%	11,535	-	-	-	2.7	Sole ownership	100%	-	-	-	11,188	-	-	-	11,188
18105	ZG	Cham	Plot no. 3165 Promotion stage 1	Others		0.0	0.0	-	2,363	-	-	-		Promotion project	100%	-	-	5,474	-	-	-	-	5,474
18104	ZG	Cham	Plot no. 3165 Yielding stage 2	Others		0.0	0.0	-	12,333	-	-	-	2.9	Sole ownership	100%	-	-	-	12,800	-	-	-	12,800
			Total Central Switzerland		98.6	0.1	0.1		26,231									5,474	23,988	0	0	0	29,462
10301	ZH	Niederhasli	Mandachstrasse 50-56	Office		2.7	1.5	48%	10,918	1992	2007	-	4.5	Sole ownership	100%	-	-	-	6,400	-	-	-	6,400
10302	ZH	Niederhasli	Stationstrasse 25	Industrial		0.7	0.6	86%	16,691	1991	-	-	3.0	Sole ownership	100%	-	-	-	16,217	-	-	-	16,217
10901	ZH	Altstetten	Freihofstrasse 25	Industrial		0.5	0.5	100%	7,807	1953/1962	-	-	2.5	Sole ownership	100%	-	-	-	13,162	-	-	-	13,162
30201	ZH	Aathal	Zürichstrasse 27/33-39, Gstalderstrasse 4	Residential		0.1	0.1	99%	23,938	1850	1870	1990	3.8	Sole ownership	100%	-	-	1,242	0	-	6,270	-	7,512
30602	ZH	Aathal	Chälenweg 1/11/164, Aretsh. 1-7/11-21/158	Residential		0.2	0.2	99%	10,069	1440	-	1988	3.5	Sole ownership	100%	-	-	-	-	-	-	-	-
30801	ZH	Wetzikon	Usterstr. 200-202/206, Zürichstr. 119-121	Industrial		0.3	0.3	100%	14,653	1872	1900	1993	4.0	Sole ownership	100%	-	-	-	6,800	-	-	-	6,800
30906	ZH	Wetzikon	Schönaustrasse 5-13	Residential		0.2	0.2	98%	17,055	-	-	1943	3.3	Sole ownership	100%	-	-	7,510	-	-	-	-	7,510
30907	ZH	Wetzikon	Schönaustrasse 9	Others		0.1	0.1	100%	8,267	-	-	-	2.7	Sole ownership	100%	-	-	7,500	-	-	-	-	7,500
31201	ZH	Winterthur	St. Gallerstrasse 172	Industrial		0.2	0.2	100%	5,838	1908/1925	-	-	3.6	Sole ownership	100%	-	-	-	-	-	10,300	-	10,300
31301	ZH	Winterthur	Technoramastrasse 15	Industrial		0.5	0.5	100%	10,454	1956/1998/2020	1957/1999	-	3.4	Sole ownership	100%	-	-	-	-	-	9,000	-	9,000
			Total Zurich		179.0	5.4	4.2		125,690									16,252	42,579	0	25,570	0	84,401
22201	GE	Vernier	Chemin de la Verseuse 1-3	Others		0.0	0.0	-	4,507	1964	-	-	3.8	Sole ownership	100%	-	-	-	-	-	8,254	-	8,254
22301	GE	Lancy	Route des Jeunes 20-26	Industrial		0.6	0.5	87%	13,362	1960	-	-	3.8	Building right	100%	-	-	-	-	-	60,312	-	60,312
29005	GE	Meyrin	Route du Nant d'Avril 150, LEM	Industrial		0.0	0.0	-	5,540	-	-	-	3.2	Building right	100%	-	-	-	-	-	-	7,345	7,345
29101	GE	Meyrin	Chemin du Grand-Puits 28	Industrial		0.0	0.0	-	10,383	1965	-	-	3.8	Sole ownership	100%	-	-	-	-	-	15,592	-	15,592
29003	GE	Meyrin	Route du Nant d'Avril 150	Others		0.0	0.0	-	21,972	-	-	-	2	Building right	100%	-	-	-	-	-	-	25,779	25,779
22701	VD	Bussigny	Chemin de Mochettaz 101	Others		0.0	0.0	-	22,319	-	-	-	3.6	Sole ownership	100%	-	-	-	-	26,125	-	-	26,125
20101	VS	St-Maurice	Bois-Noir	Industrial		0.1	0.1	100%	33,281	1960	1970	-	2.0	Sole ownership	100%	-	-	-	-	-	22,500	-	22,500
			Total Lake Geneva region		142.9	0.6	0.5		111,364									0	0	26,125	106,658	33,124	165,907
31701	SO	Dornach	Weidenstrasse 50	Industrial		1.3	1.3	100%	136,685	1895	-	-	4.3	Sole ownership	100%	-	-	-	97,051	-	-	-	97,051
36101	SO	Biberist	Fabrikstrasse 2-8	Office		0.3	0.1	54%	22,524	1937	-	-	4.7	Sole ownership	100%	-	-	-	11,392	-	1,888	-	13,280
36102	SO	Biberist	Fabrikstrasse 14-34	Industrial		0.0	0.0	-	44,000	1972	1990	-	5.4	Sole ownership	100%	-	-	-	-	45,954	-	-	45,954
36103	SO	Biberist	Fabrikstrasse 57-115	Industrial		0.7	0.7	100%	40,000	1946	1991	-	4.1	Sole ownership	100%	-	-	-	-	-	12,620	-	12,620
36105	SO	Biberist	Fabrikstrasse 1-29	Industrial		0.3	0.2	50%	19,000	1932	1947	-	4.8	Sole ownership	100%	-	-	-	-	-	-	-	-
36106	SO	Biberist	Fabrikstrasse 3-35	Industrial		0.0	0.0	100%	28,869	1903	1939	-	5.3	Sole ownership	100%	-	-	-	-	42,120	-	-	42,120
36107	SO	Biberist	Fabrikstrasse 31-85	Industrial		0.1	0.1	-	16,000	1946	-	-	5.4	Sole ownership	100%	-	-	22,610	-	-	-	-	22,610
36108	SO	Biberist	Fabrikstrasse Insel	Industrial		0.4	0.4	100%	60,400	1991	-	-	4.7	Sole ownership	100%	-	-	-	-	-	17,700	-	17,700
36109	SO	Biberist	Derendingerstrasse 27-29	Others		0.0	0.0	-	44,183	-	-	-	2.0	Sole ownership	100%	-	-	-	-	-	-	-	-
36501	SO	Solothurn	Muttenstrasse 13-18	Industrial		0.8	0.7	93%	29,459	1966/1989/2001			3.3	Sole ownership	100%	-	-	16,500	-	-	-	-	16,500
31602	NE	Neuchâtel	Plot no. 10729	Others		0.0	0.0	-	3,419	-	-	-	2.9	Sole ownership	100%	-	-	5,406	-	-	-	-	5,406
			Total Espace Mittelland region		113.0	3.9	3.5		444,539									44,516	108,443	88,074	32,208	0	273,241
10501	TG	Ermatingen	Hauptstrasse 181/185	Logistics		0.4	0.4	100%	12,125	1968	1997	-	3.0	Sole ownership	100%	-	-	-	-	-	6,500	-	6,500
31503	TG	Frauenfeld	Walzmühlestrasse 51	Res. mixed		0.0	0.0	-	10,863	1832	2017	-	2.8	Sole ownership	100%	-	-	-	4,417	-	-	-	4,417

General Property Details

Property ID	Canton	Municipality	Property	Main use[1]	Market value[4] (CHFm)	Full occupancy property income (CHFm)	Annualised property income (CHFm)	Occupancy rate (%)	Net site area (sqm)[2]	Year of construction	Year of construction 2[3]	Partial renovation	Discount factor (%)	Ownership	(%)	Compulsory surveillance	Obligatory remediation	Effective Area to be developed (sqm) Residential	Residential & Commercial	Industry	Commercial	Office	Total
31504	TG	Frauenfeld	Walzmühlestrasse Parking	Others		0.0	0.0	100%	3,340	-	-	-	3.7	Sole ownership	100%	-	-	-	-	-	550	-	550
			Total Eastern Switzerland		11.4	0.4	0.4		26,328									0	4,417	0	7,050	0	11,467
			Total Developpement Portfolio		**646.8**	**13.0**	**10.9**	**81.4%**	**969,209**									**66,242**	**273,828**	**146,372**	**204,820**	**33,124**	**724,386**

1 **Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use.**
2 **Net site area does not include agricultural land and land without utilisation (total approximately 1.0 million sqm).**
3 **Second building phase.**
4 **Except for properties for sale that are recorded at cost. As at 31 December 2021, the property 18105 is recorded at cost.**

Independent Valuers's Report

Wüest Partner AG, Bleicherweg 5, 8001 Zurich

HIAG Immobilien Holding AG
Aeschenplatz 7
4052 Basel

Zurich, 25 February 2022

Independent valuer's report
Real Estate Property Valuation as at 31.12.2021

To the Executive Board of HIAG Immobilien Holding AG

Ref.
118645.2110

Commission
Wüest Partner AG (Wüest Partner) was commissioned by the Executive Board of HIAG Immobilien Holding AG (HIAG) to perform a valuation, for accounting purposes, of the immovable properties held by HIAG in Switzerland as at 31 December 2021 (reporting date). The valuation encompasses all investment properties, sites and development properties, properties for sale, distinct and permanent rights (building rights), co-ownership shares, agricultural land as well as the power plants in Diesbach, Biberist, Oberaathal-Aabach, Wetzikon-Floos und Wetzikon-Schönau.

Valuation standards
Wüest Partner hereby confirms that the valuations were performed in accordance with national and international standards and guidelines.
The property values determined correspond to the current value (market value) as described in Swiss GAAP FER 18, item 14.

Definition of fair value
«Fair value» is defined as the amount for which a property would most probably be exchanged on the open market on the valuation date between two independent and knowledgeable parties, willing to buy and sell respectively, with due allowance made for a reasonable marketing period.
Property transfer tax, property gains taxes, value added tax and other costs and commission fees that would be incurred if the property were sold are not included (gross market value). Nor is any account taken of HIAG's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

Valuation method
In valuing HIAG's real estate holdings, Wüest Partner applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the

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Regulated by RICS

total of all projected future net earnings discounted to the valuation date. Net income is discounted separately for each property with due allowance for specific opportunities and threats, and adjustment in line with market conditions and risks.

The properties under construction were also valuated using the discounted cash flow method (DCF). The fair value of the project as at valuation date is been inferred in three steps:

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

Properties under construction, which are intended for sale (e.g. condominiums), are valued in accordance with Swiss GAAP FER 17 at the lower of acquisition cost or construction cost and net realisable value. This means that work in progress and production costs are capitalised and subsequent valuation is at the lower value.

Basis of valuation

Wüest Partner is familiar with all the properties, having carried out inspections and examined the documentation provided. The properties have been analysed in detail in terms of their quality and risk profiles (attractiveness and lettability of rented premises, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with due allowance made for a reasonable marketing period.

Within the review period from 1 January 2021 to 31 December 2021, Wüest Partner visited 34 properties belonging to HIAG.

Results

A total of 114 investment properties and property units (investment properties, sites and development properties, properties for sale, distinct and permanent rights (building rights), co-ownership shares as well as agricultural land) were valued as at 31 December 2021 by Wüest Partner. The fair value of the property portfolio of HIAG (before deduction of contamination) is estimated as at 31 December 2021 at 1,844,667,746 Swiss Francs.

Changes during reporting period

Within the review period from 1 January 2021 to 31 December 2021 properties in Buchs, Reinach, Solothurn, and Winterthur were acquired and properties in Aathal-Seegräben, Aigle, Basel, Biberist, Bremgarten, and Wetzikon were sold.

Independence and confidentiality
Wüest Partner performed the valuation of HIAG's real estate holdings independently and neutrally in conformity with its business policies. It was carried out solely for those purposes specified above; Wüest Partner shall accept no liability in respect of third parties.

Zurich, 15 February 2022
Wüest Partner AG

Andreas Ammann
Partner

Silvana Dardikman
Director

Annex: valuation assumptions

Investment properties

The investment property valuations are based on the following general assumptions:

- Current value: Investments, that are being held exclusively for yield purposes, are to be valued according to their fair value, their acquisition or construction costs, less the amortizations. The fair value is being estimated based on the future cash-flow or revenue, under consideration of an appropriate risk/return discount rate or other recognized valuation method. Appreciation, reappreciation or depreciation are to be registered in the periodic result.
- Surface areas: The lettable areas were factored into the valuations on the basis of the rent rolls of the HIAG and verbal information provided by HIAG. Discrepancies between this information and the property plans were verified with HIAG.
- Rent rolls: The rent rolls from HIAG used in the valuation are dated 1 January 2021 and were received during the period of September 2021 and December 2021.
- Calculation model: A two-phase DCF model was adopted. The valuation period extends to infinity from the valuation date, with an implicit residual value in the eleventh period. Exceptions are possible in the case of leasehold properties with a corresponding reversion scenario.
- Discounting: Discounting is based on a risk-adjusted interest rate. Rates are determined individually for each property on the basis of appropriate benchmarks derived from arm's-length transactions. They may be broken down as follows: risk-free interest rate + property risk (immobility of capital) + premium for macro-location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums. Real discount rates range between 2.00% and 5.40% depending on the property, use and location.
- Inflation: Unless otherwise stated, the valuations assume 0.5 per cent annual inflation for income and all expenditure. Where a nominal discount rate is applied, this is adjusted accordingly.
- Indexation: Specific indexation of existing rental agreements is accounted for on an individual basis. After expiry of the contracts, an indexation factor of 80 per cent (Swiss average) and an average contract term of 5 years are assumed.
- Credit Risks: Credit risks posed by specific tenants are not explicitly factored into the valuation.
- Timing of payments: For existing tenancies, the timing of individual payments is assumed to comply with the terms of the lease. Following lease expiry, cash flows for commercial premises are taken to be quarterly in advance, for housing monthly in advance.
- Recoverability of ancillary costs: In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner.
- Maintenance costs: The maintenance (repair and upkeep) costs were calculated using a building analysis tool. This tool is used to estimate the remaining lifespan of individual components based on their present condition, to model periodic refurbishments and to calculate the associated annual renewal fund allowances. The calculated values are plausibility tested using cost benchmarks derived from Wüest Partner surveys.

Sites and development properties

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

- Partial plots: Where appropriate, HIAG divides the properties into partial plots. For reasons of transparency, this subdivision is taken over by Wüest Partner in the valuations.
- Project development strategy: Where deemed plausible by Wüest Partner, the strategy in relation to project development/promotion (e.g. sale vs. letting) has been taken over from HIAG.
- Background data: The background data of HIAG are verified and adjusted where appropriate (e.g. utilization, lettable areas, schedule/development process, rental/absorption).
- Impartial view: The valuations are subjected to an impartial assessment of income, costs and investment returns.
- Design-and-build or general service contracts: With regard to the service contracts of general and design-and-build contractors, it is assumed that construction costs have been secured.
- Services provided by project developers: The construction costs include the services of HIAG as the developer's representative and the project developer.
- Objects for sale: Property units intended for sale (e.g. condominiums) are valued "at cost". No selling costs are included in the valuations.
- Preparatory work: Where known, preparatory work is taken into account in construction costs (e.g. remediation of legacy contamination, demolition work, infrastructure).
- Incidental costs: Construction costs include the usual incidental costs such as construction finance, but exclude financing of the plot of land. These costs are implicitly included in the DCF model.
- Services provided to date: Where known, value-relevant services provided to date by third parties or by HIAG in the form of investments made are taken into account.
- VAT opt-in: It is assumed that the income from the planned commercial properties is subject to VAT. The construction costs are therefore presented exclusive of VAT.
- Deferred taxes: The valuations do not include any deferred taxes.

Alternative Performance Measures

The following key figures were calculated on the basis of customary international parameters and enable a comparison with other market participants. The definition of the alternative performance measures and other real estate and financial indicators is available online:

https://www.hiag.com/media/ovwblt2r/definition-of-alternative-perfomance-indicators.pdf

Operating profit and operating profit per share

The operating profit shows the Group's net income, adjusted for revaluation effects, income from the sale of properties, income from the sale of real estate investments and the corresponding tax effects.

in TCHF	2021	2020
Earnings per income statement	**89,263**	55,159
Adjusted for;		
Revaluation of properties	**-60,523**	-27,002
Profit from sale of properties	**-16,543**	-4,905
Profit from sale of properties to sale	**–**	-1,427
Tax on profits or losses on disposals	**2,329**	456
Deferred taxes from revaluation	**8,255**	4,528
Operating profit	**22,781**	26,809
Average number of outstanding shares	**8,592,296**	8,091,020
Earnings per share in CHF	**2.65**	3.31
Company specific adjustments:		
Contribution Cloud Services	–	3,494
Depreciation on financial assets related to Cloud Services	1,867	1,550
Contribution Jaeger et Bosshard SA	-1,441	-770
Company specific operating profit in TCHF	23,207	31,083
Company specific Adjusted EPS in CHF	2.70	3.84

In the previous year, a provision of TCHF 8,000 was released in connection with the demolition of the Pratteln site, which resulted in a positive one-off effect on the operating profit.

Adjusted shareholders' equity (NAV) and adjusted shareholders' equity (NAV) per share

The adjusted shareholders' equity shows the shareholders' equity adjusted for the valuation differences of properties held for sale, the market value of financial instruments and deferred taxes.

Alternative Performance Measures

in TCHF	2021	2020
Shareholders' equity (NAV) according to the consolidated annual financial statements	988,999	761,122
Dilutive effects	–	–
Diluted equity (NAV)	988,999	761,122
Adjustments:		
Revaluation of properties for sale	13,549	6,733
Supplement:		
Fair value of derivative financial instruments	n/a	n/a
Deferred taxes	81,084	73,131
Adjusted shareholders' equity (NAV)	**1,083,632**	**840,986**
Number of outstanding shares	10,085,833	8,390,058
Adjusted shareholders' equity (NAV) per share in CHF	**107.44**	**100.24**

Vacancy rate on the balance sheet date and a "like-for-like" view

The vacancy rate corresponds to the vacancies as a result of non-rental in percent and taking account of the market rent for the vacant spaces according to an annualised view

in TCHF	31/12/2021	31/12/2020
Estimated potential rental income from vacant spaces	7,581	9,105
Estimated rental value of the whole portfolio	70,667	69,143
Vacancy rate at balance sheet date	**10.7%**	**13.2%**
Vacancy rate (like-for-like)	10.6%	13.2%

Annual financial statements of HIAG Immobilien Holding AG

Balance Sheet

in TCHF	31/12/2021	31/12/2020
Cash and cash equivalents	**38,814**	1,927
Other current receivables	**1,699**	321
Current financial assets	**1,040**	–
Prepayments and accrued income	**1,211**	933
Current assets	**42,765**	**3,181**
Financial assets	**801,904**	645,425
Participations	**79,010**	78,373
Non-current assets	**880,914**	**723,798**
Assets	**923,679**	**726,979**
Trade payables	**75**	28
Other current non-interest-bearing liabilities	**12**	2
Current interest-bearing financial liabilities	**275,000**	100,000
Tax liabilities	**214**	117
Accrued expenses and deferred income	**3,907**	3,673
Short-term provisions	**59**	21
Short-term liabilities	**279,266**	**103,841**
Non-current interest-bearing financial liabilities	**425,000**	540,000
Non-current liabilities	**425,000**	**540,000**
Total liabilities	**704,266**	**643,841**
Share capital	**10,120**	8,433
– Statutory capital reserves	**1,610**	1,610
– Statutory reserves from capital contribution[1]	**184,782**	35,890
Total statutory capital reserves	**186,393**	37,501
Statutory retained earnings	**8,266**	8,477
Voluntary retained earnings	**–**	108,000
– Amount carried forward from previous year	**24,290**	-63,696
– Net income	**-5,587**	-10,366
Accumulated profit/ loss	**18,703**	-74,061
Treasury shares	**-4,069**	-5,211
Shareholders' equity	**219,413**	**83,138**
Liabilities and shareholders' equity	**923,679**	**726,979**

[1] See explanations in the notes

Annual financial statements of HIAG Immobilien Holding AG

Income Statement

in TCHF	2021	2020
Financial income	10,161	9,609
Other operating income	–	8
Operating Income	**10,161**	**9,617**
Personnel expenses	-41	-107
Insurance and fees	-1,599	-364
General operating expenses	-181	-63
Office and administrative expenses	-2,873	-2,789
Communication expenses	-253	-233
Financial expenses	-10,801	-16,434
Operating expenses	**-15,748**	**-19,990**
Earnings before taxes	-5,587	-10,373
Taxes	–	7
Net income	**-5,587**	**-10,366**

Annual financial statements of HIAG Immobilien Holding AG

Notes to the Financial Statement

Company information

HIAG Immobilien Holding AG is a joint stock company under Swiss law with its headquarters in Basel. It has fewer than ten employees (previous year: less than ten).

HIAG Immobilien Holding is the parent company of the HIAG Immobilien Holding Group, which prepares its consolidated financial statements in accordance with Swiss GAAP FER.

Financial reporting law applied

This financial statement was prepared in accordance with the provisions of Swiss financial reporting law (Title 32 of the Code of Obligations).

The presentation in the balance sheet (other current receivables/other current liabilities and financial assets) has been adjusted. The breakdown of other current receivables/other current liabilities and financial assets is now presented in detail in the notes. The previous year was adjusted accordingly.

Accounting principles applied in this financial statement

Definition of "Group"

"Group" refers to the companies of the HIAG Group. Receivables and current accounts are listed under "Current assets" and long-term loans under "Fixed assets".

Financial assets

Financial assets include long-term loans with Group companies, shareholders, Group employees and third parties

Participations

The investments are valued at acquisition cost less necessary impairments.

Interest-bearing financial liabilities

Financing and bonds are listed as "Interest-bearing financial liabilities" and are reported at nominal value. The transaction costs are amortised over the term of the bonds. The difference between the equivalent value received and the repayment amount is also amortised. Payments due within 12 months are classified "Current financial liabilities".

Estimates and assessments

Financial statements require estimates and assessments from the Board of Directors that could influence the amount of reported assets and liabilities and contingent liabilities on the date the balance sheet is prepared, as well as expenses and income during the reporting period. In each case, the Board of Directors makes a discretionary decision regarding use of available leeway in statutory evaluation and reporting. Therefore, under the conservatism principle, depreciation, amortisation and provisions can be formed over and beyond the operationally necessary amount if it is in the best interest of the company.

Personnel expenses

If the employer's own shares are issued as part of employee share or option plans, the positive difference between the cost price or book value of the treasury share and the amount paid by the employee (exercise price) constitutes personnel expenses.

Direct taxes

Taxes on earnings are listed under "Taxes", whereas capital or property taxes are listed under "General operating expenses".

Non-inclusion of additional information in the Notes

As HIAG Immobilien Holding AG prepares consolidated financial statements in accordance with an accepted accounting standard (Swiss GAAP FER), it has not included additional information in the notes, the presentation of the cash flow statement and the management report.

Statutory reserves from capital contributions

The capital contributions in the amount of TCHF 35,890 reported to the Swiss Federal Tax Administration (FTA) as of 18 May 2018 and 18 December 2020 were recognised by the FTA in the amount of TCHF 32,132.

On 16 November 2021, HIAG Immobilien Holding AG issued 1,686,600 new registered shares with a nominal value of CHF 1.00 as part of a capital increase. The issue price per share was CHF 95.00. As a result, a premium of TCHF 158,540 was recorded in the capital reserves, which was reported to the FTA at the beginning of 2022.

Annual financial statements of HIAG Immobilien Holding AG

Current assets

in TCHF	31/12/2021	31/12/2020
Other current receivables	**1,699**	**321**
– thereof from third parties	**111**	119
– thereof from the group	**1,559**	202
– thereof from shareholders	**26**	–
– thereof from associates	**3**	–

in TCHF	31/12/2021	31/12/2020
Current financial assets	**1,040**	**–**
– thereof from third parties	**1,000**	–
– thereof from shareholders	**40**	–

in TCHF	31/12/2021	31/12/2020
Prepayments and accrued income	**1,211**	**933**
– thereof from third parties	**1,125**	836
– thereof from the group	**86**	97

Non-current assets

in TCHF	31/12/2021	31/12/2020
Financial assets	**801,904**	**645,425**
– thereof from third parties	**5,892**	7,060
– thereof from the group	**793,722**	636,035
– thereof from shareholders	**2,290**	2,330

Direct participations held by HIAG Immobilien Holding AG as at 31 December 2021

Company	Headquarters	Share capital in TCHF	Share 2021[1] in %	Share 2020[1] in %	Participation book value 2021 in TCHF	Participation book value 2020 in TCHF
HIAG Immobilien Schweiz AG	Baar	11,000	100	100	78,373	78,373
HIAG Immobilien AG[2]	Zurich	10,000	100	100	–	–
HIAG Real Estate AG[3]	Zurich	400	100	–	–	–
HIAG Labs AG	Zurich	100	100	100	–	–
HIAG Solar AG[4]	Münchenstein	200	49	–	637	–
Total participations		**–**	**–**	**–**	**79,010**	**78,373**

1 Voting rights and capital share
2 HIAG Data AG was renamed HIAG Immobilien AG during the reporting period. As part of the strategy of the HIAG Group, HIAG Immobilien AG will have a real estate purpose (holding, developing and buying/selling properties).
3 The participation in HIAG Real Estate AG was sold by HIAG Immobilien AG to HIAG Immobilien Holding AG during the reporting year.
4 HIAG Solar AG was founded as part of a joint venture with aventron solar AG on 5 March 2021.

Annual financial statements of HIAG Immobilien Holding AG

Indirect participations of HIAG Immobilien Holding AG as of 31 December 2021

Company	Share capital in TCHF	Share capital in TCHF	Share 2021[1] in %	Share 2020[1] in %
HIAG AG[2]	Basel	–	–	100%
HIAG Immobilien AG[2]	St. Margrethen	–	–	100%
HIAG Immobilier Léman SA	Aigle	1,000	100%	100%
Léger SA	Lancy	400	100%	100%
Weeba SA	Lancy	100	100%	100%
Pellarin-Transports SA	Lancy	50	100%	100%
Promo-Praille SA	Lancy	200	100%	100%
Jaeger et Bosshard SA	Lancy	1,175	100%	100%
Société coopérative en faveur du développement des terrains industriels de la Praille-Sud	Lancy	35	100%	100%
Trans Fiber Systems SA	Menziken	107	100%	100%

[1] **Voting rights and capital share.**
[2] **On 1 January 2021, HIAG AG and HIAG Immobilien AG merged with HIAG Immobilien Schweiz AG.**

Total liabilities

During the reporting year, the bonds falling due in 2022 in the amount of TCHF 275,000 were recognised in current interest-bearing financial liabilities.

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

Shareholders' equity

In TCHF except for number of shares	31/12/2021	31/12/2020
Share capital	**10,120**	**8,433**
Registered shares as at 31 December (nominal value of CHF 1.00)	10,119,600	8,433,000

On 16 November 2021, HIAG Immobilien Holding AG issued 1,686,600 new registered shares with a nominal value of CHF 1.00 as part of a capital increase. The issue price per share was CHF 95.00.

in TCHF	31/12/2021	31/12/2020
Authorised share capital as at 01.01.	**1,217**	**1,600**
Extraordinary General Meeting	**1,700**	–
Share capital increase	**-1,687**	-383
Authorised share capital as at 31.12.	**1,230**	1,217

Pursuant to Article 3a of the Articles of Incorporation, the Board of Directors is authorised to increase the company's share capital by a maximum of TCHF 1,217 to 23 April 2022, and pursuant to Article 3c of the Articles of Incorporation amended following the capital increase by a maximum of TCHF 13 to 29 September 2023.

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

Treasury shares

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

No treasury shares of HIAG Immobilien Holding AG. were purchased by the company during the reporting year. As part of the employee participation programme and the Long-Term Incentive Plan (LTIP), 9,175 shares were allocated to employees. As part of the allocation of shares, a valuation loss (difference between the purchase price and the transaction price) of TCHF 211 (previous year: TCHF 246) was realised and booked against the statutory reserves.

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

Income statement

in TCHF	2021	2020
Insurance and fees	**-1,599**	**-364**
– thereof capital increase costs	-1,580	-10

in TCHF	2021	2020
Office and administrative expenses	**-2,873**	**-2,789**
– thereof Board of Directors fees[1]	-1,233	-1,203
– thereof capital increase costs	-386	-5

[1] The General Counsel is simultaneously a member of the Board of Directors and a member of the Management Board. His total compensation is reported under compensation of the Board of Directors only.

in TCHF	2021	2020
Financial expenses	**-10,801**	**-16,434**
– thereof issuing expenses	**-415**	-410
– thereof amortisation	**-1,867**	-9,760
– thereof capital increase costs	**-2,303**	-231

Contingent liabilities

in TCHF	31/12/2021	31/12/2020
Guarantees to third parties	**30,501**	30,501
Total	**30,501**	**30,501**

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

Significant shareholders

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

[1] HIAG Beteiligung Holding AG is controlled by Dr Felix Grisard.
[2] Grisgros AG is controlled by Andrea Grisard.
[3] Senft AG is controlled by Salome Grisard Varnholt.

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

Shares held by current members of the executive and supervisory bodies

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

[1] In April 2021, Dr Felix Grisard sold 184,593 shares of SFAG Holding AG. Dr Felix Grisard and Salome Grisard Varnholt are shareholders on the Board of Directors of SFAG Holding AG, which holds 4,432,771 shares in HIAG Immobilien Holding AG (previous year: 4,058,704). With a shareholding of 44%, SFAG Holding AG is the main shareholder of HIAG Immobilien Holding AG (previous year: 48%). Dr Felix Grisard and Salome Grisard Varnholt jointly hold two-thirds of the shares of SFAG Holding AG directly and indirectly.
[2] HIAG Beteiligung Holding AG is controlled by Dr Felix Grisard.
[3] Senft AG is controlled by Salome Grisard Varnholt.

Events after the balance sheet date

The Annual Financial Statements were approved by the Board of Directors on 11 March 2022. There were no significant events after the balance sheet date.

Appropriation of profit

For financial year 2021, the Board of Directors proposes to the General Meeting on 28 April 2022 the distribution of a dividend of CHF 2.70 gross per share for a maximum of 10,119,600 outstanding shares. The maximum total distribution is TCHF 27,323 with a maximum of TCHF 13,661 distributed from the net profit and a maximum of TCHF 13,661 from the capital reserves. A dividend of CHF 2.30 gross per share was distributed in the previous year.

Proposal of the Board of Directors for the appropriation of the net profit in TCHF	31/12/2021	31/12/2020
Net income	-5,587	-10,366
Offsetting voluntary retained earnings	–	108,000
Amount carried forward from previous year	24,290	-63,696
Accumulated profit / loss	**18,703**	**33,938**
Dividend payment out of the distributable profit	–13,661	-9,649
Amount carried forward to next year	**5,042**	**24,290**

in TCHF	31/12/2021	31/12/2020
Statutory reserves from capital contribution before dividend payment	**184,782**	**35,890**
Dividend payment	–13,661	-9,649
Statutory reserves from capital contribution after dividend payment	**171,121**	**26,241**

Report of the Statutory Auditor with Financial Statements

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To the General Meeting of
HIAG Immobilien Holding AG, Basel

Basle, 11 March 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of HIAG Immobilien Holding AG, which comprise the balance sheet, income statement and notes (pages 139 to 148), 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.

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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

Fabian Meier
Licensed audit expert
(Auditor in charge)

Daniel Zaugg
Licensed audit expert

GRI Content Index

GRI 102-54, 102-55
This report has been prepared in accordance with the GRI Standards: Core option. The disclosures are based on the GRI Reporting Principles.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The GRI Service was performed for the German version of the Annual Report.

GRI Standard	Disclosure	Information
GRI 101: Foundation 2016		p. 23
GRI 102: General Disclosures 2016	*Organizational profile*	
	102-1: Name of the organization	p. 21
	102-2: Activities, brands, products, and services	p. 5
	102-3: Location of headquarters	Basel, Switzerland
	102-4: Location of operations	p. 5
	102-5: Ownership and legal form	p. 48-50
	102-6: Markets served	p. 5
	102-7: Scale of the organization	p. 28, 87-89, 128-131
	102-8: Information on employees and other workers	p. 27-28
	102-9: Supply chain	p. 30
	102-10: Significant changes to the organization and its supply chain	p. 11-14
	102-11: Precautionary Principle or approach	p. 64
	102-12: External initiatives	p. 21
	102-13: Membership of associations	p. 46
	Strategy	
	102-14: Statement from senior decision-maker	p. 13-14
	Ethics and integrity	
	102-16: Values, principles, standards, and norms of behavior	p. 30
	Governance	
	102-18: Governance structure	p. 47, 60-62
	102-19: Delegating authority	p. 22
	102-20: Executive-level responsibility for economic, environmental, and social topics	p. 22, 47
	Stakeholder engagement	
	102-40: List of stakeholder groups	p. 23
	102-41: Collective bargaining agreements	0%
	102-42: Identifying and selecting stakeholders	p. 23
	102-43: Approach to stakeholder engagement	p. 23
	102-44: Key topics and concerns raised	p. 23
	Reporting practice	
	102-45: Entities included in the consolidated financial statements	p. 21
	102-46: Defining report content and topic boundaries	p. 23
	102-47: List of material topics	p. 24
	102-48: Restatements of information	p. 21
	102-49: Changes in reporting	p. 23
	102-50: Reporting period	p. 22
	102-51: Date of most recent report	March 2021
	102-52: Reporting cycle	p. 21
	102-53: Contact point for questions regarding the report	p. 156
	102-54: Claims of reporting in accordance with the GRI Standards	p. 151
	102-55: GRI content index	p. 151-153
	102-56: External assurance	p. 21

GRI Content Index

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	103-2: The management approach and its components	p. 31
	103-3: Evaluation of the management approach	p. 31
GRI 413: Local Communities 2016	413-1: Operations with local community engagement, impact assessments, and development programs	p. 31-32
Construction		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 32
	103-2: The management approach and its components	p. 43
	103-3: Evaluation of the management approach	p. 33
Own Disclosure	Share of certified buildings	p. 44
Biodiversity		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 44
	103-2: The management approach and its components	p. 44
	103-3: Evaluation of the management approach	p. 44-45
GRI 304: Biodiversity 2016	304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p. 45
	304-2: Significant impacts of activities, products, and services on biodiversity	p. 32, 44-45
Data protection		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 45
	103-2: The management approach and its components	p. 45
	103-3: Evaluation of the management approach	p. 45
GRI 418: Customer Privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 45
Energy		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 32
	103-2: The management approach and its components	p. 36
	103-3: Evaluation of the management approach	p. 33
GRI 302: Energy 2016	302-1: Energy consumption within the organization	p. 33-37
	302-3: Energy intensity	p. 35-36
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GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 31
	103-2: The management approach and its components	p. 31
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Own Disclosure	Ongoing innovation projects in the reporting year	p. 31
Climate change		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 32
	103-2: The management approach and its components	p. 36
	103-3: Evaluation of the management approach	p. 33
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	p. 33, 39-41
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	305-4: GHG emissions intensity	p. 33, 40-41
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GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 45
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GRI 201: Economic Performance 2016	201-1: Direct economic value generated and distributed	p. 89
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GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 24, 30
	103-2: The management approach and its components	p. 30
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GRI 204: Procurement Practices 2016	204-1: Proportion of spending on local suppliers	p. 30
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GRI Content Index

	401-3: Parental leave	p. 29
GRI 404: Training and Education 2016	404-1: Average hours of training per year per employee	p. 29
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Mobility		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 41
	103-2: The management approach and its components	p. 41-42
	103-3: Evaluation of the management approach	p. 42
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GRESB	GRESB TC2.1 Has the entity undertaken tenant satisfaction surveys within the last three years?	p. 31

Reputation		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 45
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	103-3: Evaluation of the management approach	p. 45
GRI 419: Socioeconomic Compliance 2016	419-1: Non-compliance with laws and regulations in the social and economic area	p. 45

Resource use		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 32
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	103-3: Evaluation of the management approach	p. 33
GRI 303: Water and Effluents 2018	303-5: Water consumption	p. 43-44

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GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 31
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Own Disclosure	New capacities created	p. 31

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GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 45
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GRI 415: Public Policy 2016	415-1: Political contributions	p. 32
GRI 417: Marketing and Labeling 2016	417-2: Incidents of non-compliance concerning product and service information and labeling	p. 45
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GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	p. 45
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Share Information

The HIAG Immobilien Holding AG shares

1 Dividend policy

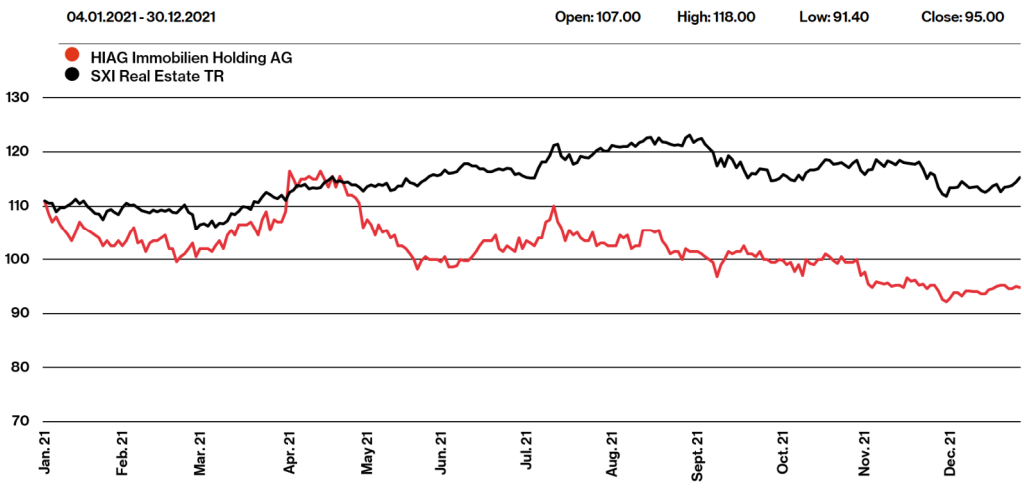
HIAG strives to pay out an attractive dividend each year. The distribution is based on the net operating profit, excluding revaluation effects (incl. the resulting deferred taxes) and before significant non-cash flow entries. The maximum payout ratio is 100%.

For financial year 2021, the Board of Directors proposes to the General Meeting on 28 April 2022 the distribution of a dividend of CHF 2.70 gross per share for a maximum of 10,119,600 outstanding shares. There was no dividend distribution in the previous year.

2 Repayment of capital contributions

At the end of 2021, reserves from capital contributions amounted to TCHF 184,782. As a result of the capital increase in 2021, the statutory reserves from capital contributions increased by TCHF 148,892. The reported statutory reserves from capital contributions in the amount of TCHF 184,782 as of 31 December 2021 were recognised by the FTA in the amount of TCHF 32,132. These reserves can be repaid to shareholders on a tax-privileged basis.

3 Share price development



The share price of HIAG Immobilien Holding decreased by since 4 January 2021 by 11.2%, from CHF 107.00 to CHF 95.00. As at 31 December 2021, the net asset value per share (NAV) was CHF 98.06; as a result, shares of HIAG Immobilien Holding were trading with a premium of -3.1% at the end of the year. In 2021, an average of 3,522 shares were traded daily.

Share Information

4 Key figures

SIX Swiss Exchange: Symbol HIAG, Valor 23951877, ISIN CH0239518779

Share performance (in CHF)	31/12/2021	31/12/2020
High	**118.00**	117.00
Low	**91.40**	73.80
End of period	**95.00**	109.50

Market capitalisation (in CHF m)	31/12/2021	31/12/2020
High	**1,194.11**	986.66
Low	**924.93**	622.36
End of period	**961.36**	923.41

Number of shares	31/12/2021	31/12/2020
Issued shares	**10,119,600**	8,433,000
Treasury shares	**33,767**	42,942
Outstanding shares	**10,085,833**	8,390,058
Average outstanding shares	**8,592,296**	8,091,020

Key figures per share (in CHF)	31/12/2021	31/12/2020
Earnings per share (EPS)	**10.39**	6.82
Dividends payout[1]	**2.70**	2.30
Payout ratio[2]	**73.86%**	59.57%
Cash yield	**2.84%**	2.10%
Net asset value per share (NAV)	**98.06**	90.72
Premium (discount) to NAV	**-3.12%**	20.70%
NAV per share without deduction of deferred taxes	**106.10**	99.43
Premium / discount to NAV without deduction of deferred taxes	**-10.46%**	10.13%

[1] **Proposal to the Annual General Meeting on 28 April 2022 for the financial year 2021: Distribution of 50% from capital reserves.**
[2] **Distribution per share in proportion to the net profit, less the change in value from properties and deferred taxes during the reporting year.**

5 Investor Relations

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Registered share
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Valorensymbol SIX Swiss Exchange:
HIAG
ISIN: CH0239518779

Agenda

28 April 2022
Annual General Meeting 2022

26 August 2022
Publication half-year results 2022

27 September 2022
HIAG Capital Day

14 March 2023
Publication year-end results 2022

27 April 2023
Annual General Meeting 2023

Legal information

Publisher
HIAG Immobilien Holding AG

Concept and design
schneiterpartner AG, Zürich