psp
Swiss Property

Annual report

2023

Annual report 2023
PSP Swiss Property

Contents

Board of Directors' statement

Our long-term business model has proven itself in 2023. This gives us a positive outlook for the future.

Dear Shareholders and Readers

Business development

The 2023 financial year was very satisfactory with very good operating results despite the challenging environment. By focusing on the sustainable development of our properties with attractive rental space, we have succeeded in increasing rental income and keeping vacancy rates low. Our business model continued to work in the 2023 financial year, which was characterised by global crises, the Swiss National Bank's interest rate policy and a slowdown on the transaction market. Fortunately, these developments have not yet had any major negative impacts on the economic environment in Switzerland. Demand for office space in central locations remained intact last year. Our quality portfolio of properties close to the city centre once again proved to be the key to success.

The earnings performance allows the Board of Directors to propose a dividend payment of CHF 3.85 per share to the Annual General Meeting on 4 April 2024 (previous year: CHF 3.80).

This corresponds to a yield of 3.3% on the 2023 year-end share price of CHF 117.60. The continuity of our shareholder-friendly dividend policy makes PSP Swiss Property a predictable, stable core investment in the Swiss real estate sector.

Strategy

At the centre of our simple and transparent business model is the focus on the essentials and a low level of debt.

We continued to optimise our portfolio also in 2023. In addition to the refurbishment and modernisation of selected investment properties, we pushed ahead with our site and project developments. The changing customer needs are always our compass. The market demands high quality and flexible rental space as well as properties that are characterised by their focus on sustainability aspects. These are quality marks that PSP Swiss Property knows how to deliver. We thus maintain the value of our assets and contribute to the mitigation of climate change. In the past financial year, we also achieved external growth through the purchase of an attractive office property in Zurich-West.

PSP Swiss Property wants to always keep its long-term goals in the foreground and be able to navigate through any turbulence with as little worry as possible. A low level of debt is crucial for this. It helps us to cushion cyclical fluctuations in value caused by higher interest rates or an illiquid property market.

Sustainability

In the past financial year, we continued to implement our sustainability programmes. We are concerned with the conservation of resources and the minimisation of CO_2 emissions over the entire life cycle of the buildings, flexibility of use and the contribution of the buildings to the development of the local environment. Focus was placed on the use of climate-friendly systems when properties are extensively renovated, as well as the ongoing operational optimisation of our properties.

Having already reclassified all outstanding bonds totalling CHF 1.8 billion as green bonds in November 2022 as part of our green bond framework, we also converted the credit facilities into sustainability-linked loans early 2023.

This means that all interest-bearing debt is linked to the sustainability criteria of our green asset portfolio.

The qualification of properties for the green asset portfolio is based on two criteria: the effective CO_2 emissions per square meter and a property-specific ESG rating. The core of the framework is the ongoing improvement of CO_2 emissions along the reduction path already defined by PSP Swiss Property, with which we aim to achieve “net zero” by 2050.

Last year, Capital Finance International presented our company with the award for the best growth strategy in the property sector in Switzerland for its sustainable business orientation.

Outlook

The global crises and thus the uncertainties surrounding economic developments in many economies also create certain market uncertainties for Switzerland. Although inflation and interest rates have stabilised or normalised, it is still unclear whether this environment will last any longer. Nevertheless, the Swiss property market can still be described as stable. Should there be another slight portfolio devaluation, PSP Swiss Property will be able to cope with this without any problems.

In the current financial year, we will continue to focus on the further optimisation of our existing property portfolio. In addition to our proven cost discipline, the continuation of our conservative debt policy remains of central importance. Our green finance approach also provides us with a good foundation on the capital market.

Regarding the demand for modern, high-quality commercial space, we expect the market to remain solid in the centre locations of Switzerland's most important economic cities, particularly Zurich and Geneva. We assume that our new buildings to be constructed in 2024 and 2025 should be well absorbed by the market. The transaction market is expected to improve slightly; we think that liquidity for investments and the willingness to sell will increase moderately. Initial yields for properties in our target markets, i.e. in city centre locations, are likely to remain at a low level.

The focus of our business strategy remains on the long-term optimisation of earnings per share, not the size of the portfolio. We will not allow short-term market turbulence to distract us from our long-term path. We want to prove this to our shareholders in 2024 as well.

Luciano Gabriel
Chairman of the Board of Directors

2023 in brief

9.6
CHF billion

Portfolio value
We further improved the portfolio quality by comprehensive renovations as well as selected transactions.

5.2
CHF billion

Equity base
With an equity ratio of 53.3%, the balance sheet is strong.

339.2
CHF million

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

3.85
CHF per share

Dividend
The Board of Directors will propose to the Annual General Meeting on 4 April 2024 a dividend payment of CHF 3.85 per share. This corresponds to a cash yield of 3.3% on the 2023 year-end share price of CHF 117.60.

7.17
CHF

EPRA EPS
The EPRA EPS shows the underlying operating performance.

137.10
CHF

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

– 13.3
%

CO_2 emissions
Per square metre of lettable area we were able to reduce the CO_2 emissions associated with our portfolio by 13.3% compared to the previous year.

Net zero

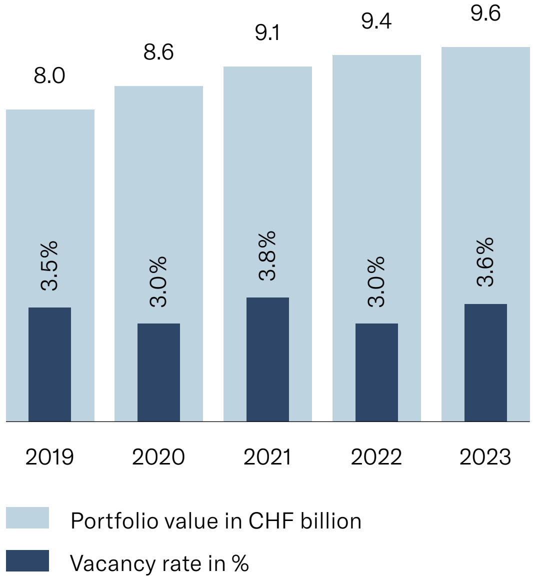
CO_2 target
Our commitment is to achieve “net zero” by 2050.

Key figures

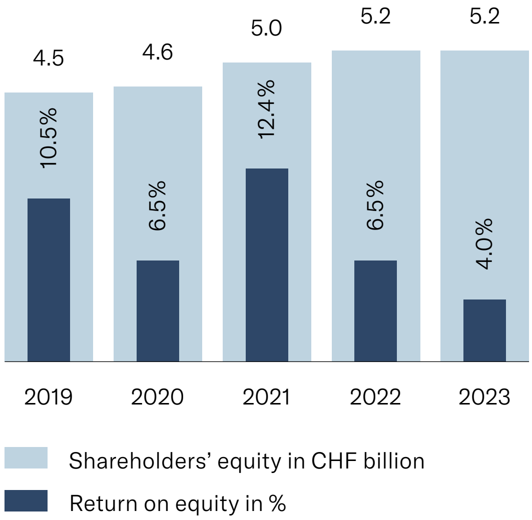
Key financial figures	Unit	2022	2023	+/–[1]
Rental income	CHF 1 000	316 231	331 905	5.0%
EPRA like-for-like change	%	2.2	5.1	
Net changes in fair value of real estate investments	CHF 1 000	124 886	– 161 261	
Income from property sales (inventories)	CHF 1 000	25 181	14 012	
Income from property sales (investment properties)	CHF 1 000	– 447	910	
Total other income	CHF 1 000	7 669	7 000	
Net income	CHF 1 000	329 960	207 595	– 37.1%
Net income excluding gains/losses on real estate investments[2]	CHF 1 000	235 714	339 213	43.9%
Ebitda excluding gains/losses on real estate investments[2]	CHF 1 000	293 822	297 742	1.3%
Ebitda margin	%	83.9	84.4	
Total assets	CHF 1 000	9 483 866	9 786 900	3.2%
Shareholders' equity	CHF 1 000	5 198 379	5 220 722	0.4%
Equity ratio	%	54.8	53.3	
Return on equity	%	6.5	4.0	
Interest-bearing debt	CHF 1 000	3 092 389	3 465 833	12.1%
Interest-bearing debt in % of total assets	%	32.6	35.4[3]	
Portfolio key figures				
Number of investment properties	Number	162	162	
Carrying value investment properties	CHF 1 000	8 886 673	9 046 911	1.8%
Implied yield, gross[4]	%	3.5	3.6	
Implied yield, net[4]	%	3.1	3.2	
Vacancy rate (CHF)[4, 5]	%	3.0	3.6	
Number of sites and development properties	Number	13	11	
Carrying value sites and development properties	CHF 1 000	534 382	560 582	4.9%
Headcount				
Employees	Number	100	101	
Full-time equivalents	Number	91	90	
Per share figures				
Earnings per share (EPS)[6]	CHF	7.19	4.53	– 37.1%
EPS excluding gains/losses on real estate investments[2, 6]	CHF	5.14	7.40	43.9%
EPRA EPS[6]	CHF	4.66	7.17	53.8%
Distribution per share	CHF	3.80	3.85[7]	1.3%
Net asset value per share (NAV)[8]	CHF	113.33	113.82	0.4%
NAV per share before deduction of deferred taxes[8]	CHF	136.62	134.48	– 1.6%
EPRA NRV[8]	CHF	139.42	137.10	– 1.7%
Share price end of period	CHF	108.50	117.60	8.4%

1 Change to previous year's period 2022 or to carrying value as of 31 December 2022 as applicable.
2 See definition on page 104, note 15.
3 Excluding debt capital invested as a short-term fixed-term deposit of CHF 100 million: 34.7%.
4 For investment properties.
5 Equals the lost rental income in % of the potential rent, as per reporting date.
6 Based on average number of outstanding shares.
7 Proposal to the Annual General Meeting on 4 April 2024 for the business year 2023: Dividend payment.
8 Based on number of outstanding shares.

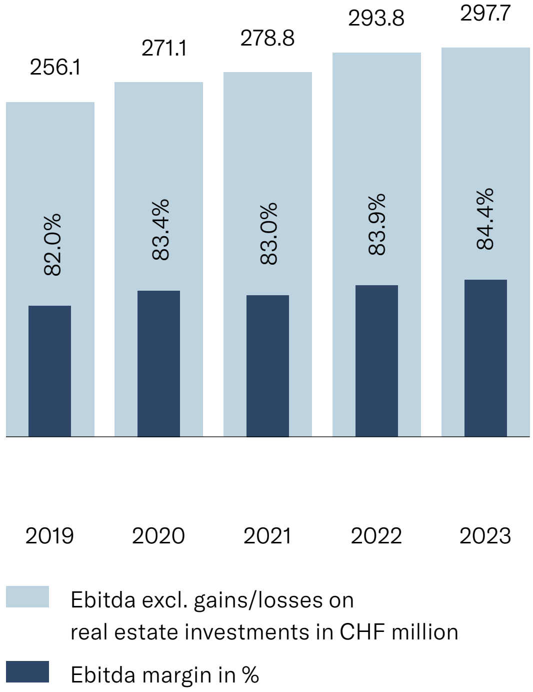
Real estate portfolio (31 December)



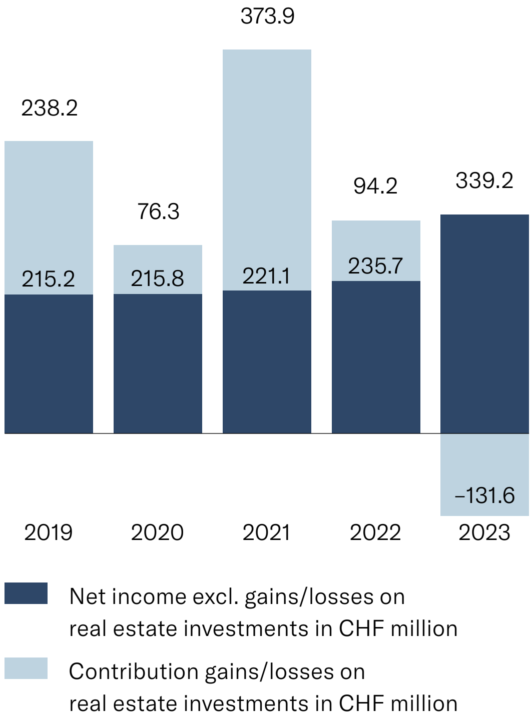
Shareholders' equity (31 December)



Ebitda



Composition of net income



Report on the business year

In 2023, we further optimised our property portfolio and linked all interest-bearing debt to sustainability criteria.

Business development

In the financial year 2023, we benefited from the sustained good market momentum in the central locations which are the focus of our activities. Thanks to our successful letting policy, we achieved solid growth in rental income with a low vacancy rate. Overall, we reached our operating targets: operating profit (Ebitda excluding gains/losses on real estate investments) increased from CHF 293.8 million to CHF 297.7 million. The vacancy rate remained low at 3.6% at the end of 2023 (end of 2022: 3.0%). The good operating performance was due not least to strict cost discipline in operations, personnel and capital expenditure. This resulted in a continued high Ebitda margin of 84.4% (previous year: 83.9%).

In a long-term comparison, our operating performance once again reached a new record high.

In 2023, we successfully completed six construction projects and reclassified these properties to the investment portfolio; these include the new timber construction “Clime” in Basel, which may be described as an exceptional project, particularly from a sustainability perspective. We also further strengthened our position as a major provider of office space in Zurich West by purchasing an attractive office property on Pfingstweidstrasse.

The change in the interest rate environment since mid-2022 raised our financing costs. However, this was compensated to some degree by the effects of inflation, as 91% of our rental agreements are indexed (77.7% of the rental agreements are indexed at 100%). In 2024, the corresponding additional income will also, to a certain extent, compensate the expected further rise in financing costs.

The impact of the higher interest rates on the valuation of our portfolio remained moderate: the devaluation as calculated by the independent appraisal expert amounted to CHF – 161.3 million at the end of 2023, which corresponded to only 1.7% of our total portfolio value (compared to the value at the end of 2022). In other words, our portfolio is highly stable in value. As earnings contribution, we recognised a positive tax effect of CHF 106.9 million (release of deferred taxes); this largely offset the value adjustment on the portfolio.

Swiss market environment

Letting market, office and retail

Our portfolio only reflects a sub-segment of the commercial property market in Switzerland: quality properties in central locations in the main economic centres. The letting market in this segment remained satisfactory. By contrast, the market for older office properties in B and C locations and non-food retail space remained challenging.

The letting market in the Central Business Districts of Geneva and Zurich was dynamic, with continued good demand for attractive rental space.

Working from home or hybrid working has become established. However, in our opinion, the company office and dialogue between employees in the workplace are of great importance for the long-term success of a company. We therefore expect that the overall demand for office space will not decline, at least in central locations.

Investment market

In 2023, the transaction market for attractive properties in good city centre locations hardly changed in terms of prices and initial yields. The yields required for such investment opportunities remain very low despite the higher interest rates. The number of completed transactions decreased significantly in the reporting period. Nevertheless, the level of activity was sufficient to keep valuations relatively stable.

Investors still prefer properties with high cash flow visibility.

But they are demanding higher yields than in the past for properties in peripheral regions and for properties that are no longer up to date in terms of quality.

Consolidated annual results

The letting of commercial space developed positively in 2023. Rental income increased by CHF 15.7 million or 5.0% to CHF 331.9 million (2022: CHF 316.2 million). The operating result, i.e. net income excluding gains/losses on real estate investments[1], increased by CHF 103.5 million or 43.9% to CHF 339.2 million (2022: CHF 235.7 million). The release of deferred taxes of CHF 106.9 million had a positive impact on earnings (thereof, CHF 30.6 million were released in the first half of 2023; 2022: no release of deferred taxes). On the other hand, lower profits from the sale of development projects and condominiums had a negative impact (CHF – 11.2 million compared to 2022). Operating expenses fell by CHF 1.3 million or 2.3% to CHF 56.4 million (2022: CHF 57.7 million). Financing costs increased by CHF 11.3 million or 98.0% to CHF 22.9 million (2022: CHF 11.6 million).

Earnings per share excluding gains/losses on real estate investments, which form the basis for the dividend distribution, amounted to CHF 7.40 resp. CHF 5.07 excluding the release of deferred taxes (2022: CHF 5.14).

1 See definition on page 104, note 15.

Net profit reached CHF 207.6 million (2022: CHF 330.0 million). The decline by CHF 122.4 million or 37.1% was in particular due to the portfolio devaluation of CHF – 161.3 million (2022: appreciation by CHF 124.9 million). Earnings per share amounted to CHF 4.53 (2022: CHF 7.19).

Equity per share (net asset value; NAV) amounted to CHF 113.82 at the end of 2023 (end of 2022: CHF 113.33). NAV before deduction of deferred taxes totalled CHF 134.48 (end of 2022: CHF 136.62).

Capital structure and liquidity

PSP Swiss Property has a strong equity base.

With total equity of CHF 5.221 billion at the end of 2023 – corresponding to an equity ratio of 53.3% – the equity base remains solid (end of 2022: CHF 5.198 billion or 54.8%). Interest-bearing debt capital amounted to CHF 3.466 billion or 35.4% of total assets (end of 2022: CHF 3.092 billion or 32.6%). At the end of 2023, the average cost of debt was 0.91% (end of 2022: 0.47%). The average fixed interest rate was 3.9 years (end of 2022: 4.1 years).

At the time of publication of this report, PSP Swiss Property had CHF 1.075 billion in open credit facilities, of which CHF 0.775 billion were committed. These sources of financing are sufficient for our ongoing business activities, the refinancing of short-term liabilities and the financing of planned investments in development projects and investment properties.

Subsequent events

On 16 February 2024, a 1.7% bond (green bond, all-in 1.723%) with a volume of CHF 100 million and a maturity in February 2030 was issued.

There were no further material subsequent events.

Outlook

We expect property income to be higher in 2024 than in 2023.

In today's rental market, it is still important to differentiate between prime locations in the economic centres and peripheral regions. In the market segment relevant to us – high-quality properties in central locations, especially in the economic centres Zurich and Geneva – we expect demand for office space to remain intact. These two main markets are developing solidly. Berne remains stable, whereas the office market in Basel remains more difficult.

We expect higher rental income in 2024 than in 2023. The indexation of rental agreements will contribute to this. In addition, we expect new lettings in the development projects. The "Hochstrasse" project in Basel is already fully let, as is the "The12" project in Zurich. Additional income will come from the acquired "Westpark" in Zurich West, where the vacancy rate has also been reduced recently. We will continue to press ahead with our development pipeline in the current year.

Income from the sale of development projects and condominiums is expected to decrease, while operating costs will remain stable. We also expect a release of deferred taxes in 2024, but this will amount to only around CHF 10 million. Financial expenses will increase again due to higher interest rates.

Valuations will to a large degree depend on the development of the transaction market. We will continue to be selective in this market and take advantage of opportunities which offer added value.

We expect Ebitda excluding gains/losses on real estate investments of above CHF 295 million for the 2024 financial year (2023: CHF 297.7 million). We expect a vacancy rate of below 4% at the end of 2024 (end of 2023: 3.6%).

We are well positioned and confident that we will be able to generate another good operating result in 2024 and continue our shareholder-friendly dividend policy.

Giacomo Balzarini
Chief Executive Officer

Raising the top floor
Zeughausgasse 26, 28 in Bern

Hotel Metropole

The property, which has been renovated as a listed building shines in new splendour and the restaurant and hotel business revitalises Bern's old town.

More information

Portfolio

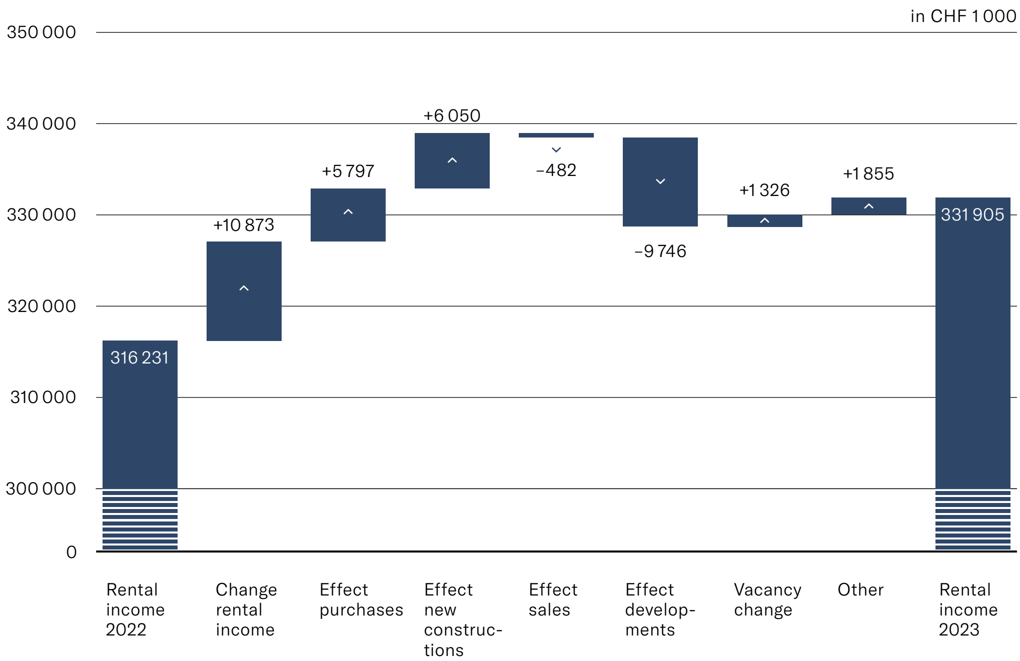
Portfolio

At the end of 2023, our real estate portfolio included 162 investment properties. In addition, there were 11 sites and development projects. The book value of the total portfolio was CHF 9.6 billion.

Our focus in 2023 remained on further developing the property portfolio. Key success factors for our growth strategy are the ongoing optimisation of our property portfolio through renovations and modernisations as well as new constructions.

In doing so, we focus on customer needs regarding the quality and flexibility of rental space as well as sustainability.

Development of rental income



Investment properties

In 2023, we purchased the office building at Pfingstweidstrasse 60, 60b in Zurich for CHF 216.5 million and sold the property at Bahnhofstrasse 23 in Interlaken for CHF 3.0 million.

We successfully completed six projects and reclassified the properties back into the investment portfolio:

In Q1, the refurbishment of the car park “P-West” in Zurich West was finalised. We planted greenery on the façades and have taken measures to promote biodiversity in the surrounding area.

In Q2, we completed the project “Clime” in Basel. “Clime” is a sustainable wooden building with around 6 300 m² of usable space.

In Q3, the two projects “Hôtel de Banque” in Geneva and “Bahnhofplatz” in Zurich (both comprehensive renovations and modernisations) were completed.

In Q4, two further projects were completed: The new “B2Binz” building in Zurich is a modern commercial building with mixed use. The “Zürcherhof” at Limmatquai 4 in Zurich was completely renovated, including the façade and technical installations.

Sites and development projects

In 2023, we sold part of the Wädenswil site (Reithalle, Mühlequartier and Felsenkeller) for CHF 13.0 million as well as the project “Spiegel” in Köniz near Bern for CHF 2.7 million. There were partial sales at the project “Residenza Parco Lago” in Paradiso and at the “Salmenpark” in Rheinfelden totalling CHF 19.8 million.

No development projects were bought in 2023.

Major projects in execution

Projects with an investment sum of CHF 10 million or more that are currently being realised are described below. More information on all projects can be found on pages 330 to 331.

Project "Füsslistrasse", Zurich: The property at Füsslistrasse 6 is a building with an Art Deco façade. The total renovation will be completed by mid-2024. The investment sum amounts to CHF 20 million. The former telephone exchange is considered a valuable witness to the history of technology and is a listed building. In addition to the modernisation of this building, energy aspects are also part of the total renovation.

Project "Hochstrasse", Basel (reclassified in Q1 2023): The commercial building at Hochstrasse 16 / Pfeffingerstrasse 5 in Basel is being modernised. About half of the rental space (around 15 500 m^2) will be converted to an alternative use with 187 serviced apartments being planned. The renovation will be completed by the end of 2024. The total investment amounts to CHF 28 million.

Project "The12", Zurich (reclassified in Q1 2023): The property at Theaterstrasse 12 in Zurich was built in 1973 and originally designed as a department store. Since its construction, the building has never been completely renovated and is now facing a high need for refurbishment. "The12" will be a contemporary and flexibly usable commercial building with a total of around 5 000 m^2 of representative retail, gastronomy and office space. Usable outdoor spaces serve as attractive recreational areas. The investment amounts to CHF 35 million. The property will be ready for move-in at the end of 2024.

Project "Hôtel des Postes", Lausanne (reclassified in Q4 2023): The property at Place Saint-François 15 was built in the year 1900 and has been renovated several times. However, it now needs a comprehensive exterior and interior renovation, including the façade and the building's entire technical installations. In addition, the building will be extended on the south side and connected to the City of Lausanne's district heating system. The investment total amounts to CHF 45 million. The renovation will be completed by the end of 2025.

Vacancy

At the end of 2023, the vacancy rate stood at 3.6% (end of 2022: 3.0%). Of the lease contracts maturing in 2024 (CHF 31.3 million), 24% were open at the end of 2023. As per year-end 2024, we expect a vacancy rate of below 4%.

The wault (weighted average unexpired lease term) of the total portfolio was 4.7 years at the end of 2023. The wault of the ten largest tenants, contributing 25% of the rental income, was 5.1 years.

Sustainability – Green assets and green finance approach

In November 2022, we presented our Green Bond Framework. Detailed information on its implementation can be found in our Green Bond Report, which was published on 5 May 2023; it is available at www.psp.info. We report annually on our sustainability activities and progress on an asset and portfolio level.

In this annual report, we are reporting for the first time in accordance with the requirements of the TCFD (Taskforce on Climate-Related Financial Disclosures) and communicate more detailed information on our assessment of the physical risks associated with climate change.

Furthermore, our analysis (based on the assumptions of the Carbon Risk Real Estate Monitor CRREM) has shown that, from today's perspective, we are well on track with our portfolio to make our contribution to the climate target of a maximum warming of 1.5 °C ("1.5 °C target aligned").

Our commitment is to achieve "net zero" by 2050.

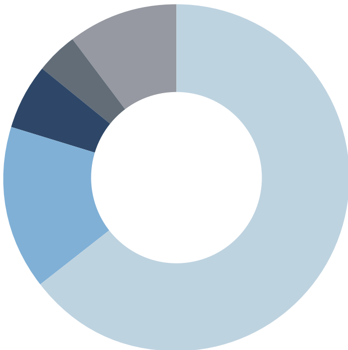
Valuation of properties

The revaluation of the properties by the independent appraiser resulted in a depreciation of CHF – 161.3 million as at the end of 2023 (end of 2022: appreciation of CHF 124.9 million). Thereof, CHF – 184.1 million were related to the investment portfolio (depreciation) and CHF 22.8 million to the sites and development projects (appreciation).

The depreciation resulted from the higher discount rate. As at the end of 2023, the weighted average discount rate for the entire portfolio was 3.85% in nominal terms; this included an inflation rate of 1.25% (end 2022: 3.48%; inflation rate 1.0%). Due to the indexation of rents, the higher inflation rate as well as a number of new lettings had a positive effect on the revaluation.

Rent by use

- 64% Office
- 15% Retail
- 6% Gastronomy
- 4% Parking
- 10% Other

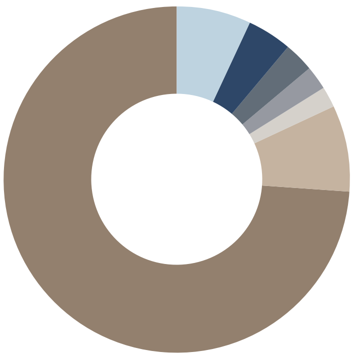


Rent by type of tenant

- 23% Services
- 17% Retail
- 12% Financial services
- 9% Gastronomy
- 9% Technology
- 8% Health care
- 8% Telecommunication
- 6% Government
- 7% Other

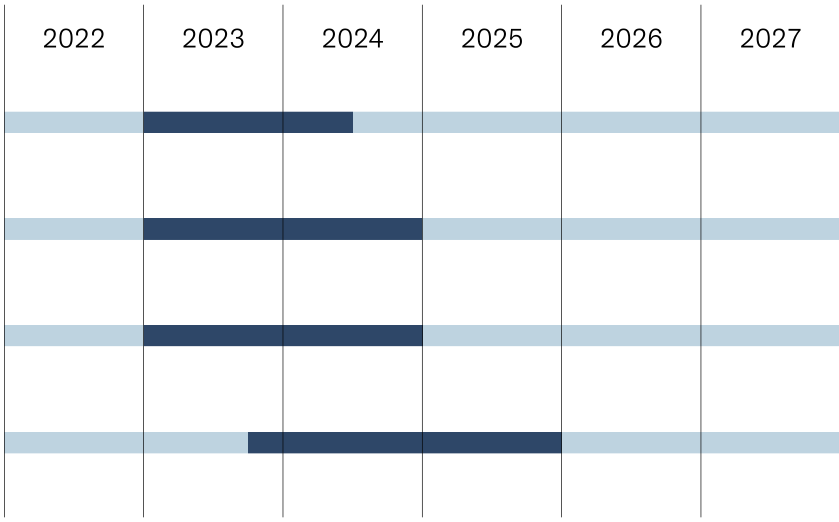
Rent by largest tenants

- 7% Swisscom
- 4% Google
- 3% IWG
- 2% Schweizerische Post
- 2% Bär & Karrer
- 8% Next five largest tenants
- 73% Other



Portfolio summary

Project pipeline[1]



1 **Zurich, "Füsslistrasse"**
CHF 20 million

2 **Basel, "Hochstrasse"**
CHF 28 million

3 **Zurich, "The12"**
CHF 35 million

4 **Lausanne, "Hôtel des Postes"**
CHF 45 million

Portfolio key figures[2]

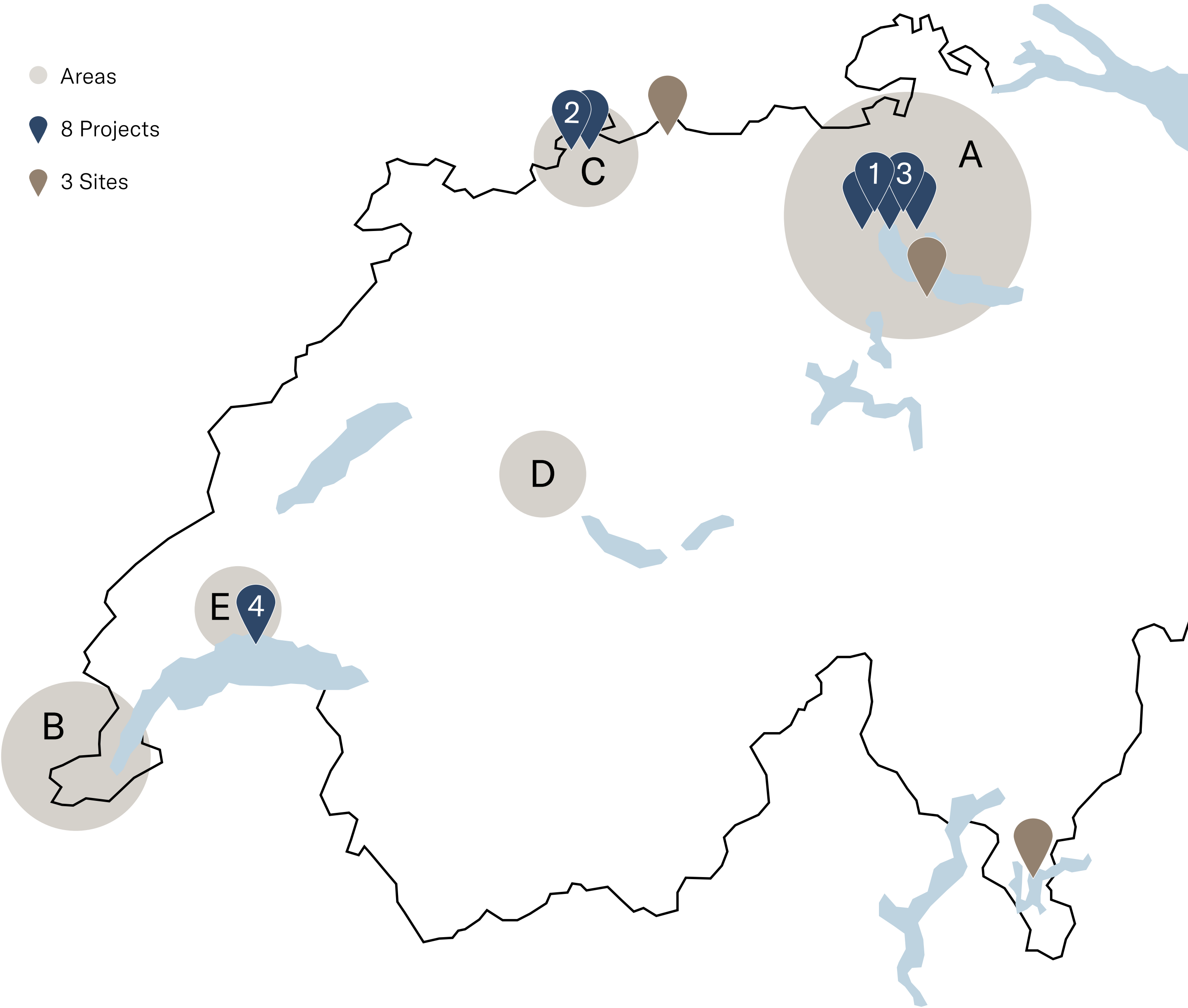
A Zurich area	59%
Portfolio value	CHF 5.7 billion
Rental income	CHF 195.3 million
Implied yield, net	3.2%
Vacancy rate	3.2%
Rentable area	570 334 m^2

B Geneva area	15%
Portfolio value	CHF 1.5 billion
Rental income	CHF 48.3 million
Implied yield, net	2.7%
Vacancy rate	2.3%
Rentable area	92 550 m^2

C Basel area	7%
Portfolio value	CHF 0.6 billion
Rental income	CHF 24.4 million
Implied yield, net	3.1%
Vacancy rate	8.0%
Rentable area	86 741 m^2

D Bern area	6%
Portfolio value	CHF 0.6 billion
Rental income	CHF 23.6 million
Implied yield, net	3.4%
Vacancy rate	1.3%
Rentable area	93 037 m^2

1 Selection of current projects (with an investment sum of CHF 10 million or more). Details see on pages 330 to 331.



E Lausanne area 3%

Portfolio value	CHF 0.3 billion
Rental income	CHF 15.8 million
Implied yield, net	4.1%
Vacancy rate	8.5%
Rentable area	69 869 m^2

Other locations 4%

Portfolio value	CHF 0.4 billion
Rental income	CHF 19.3 million
Implied yield, net	3.9%
Vacancy rate	4.1%
Rentable area	79 097 m^2

2 Portfolio value by area, sites and development properties 6%.

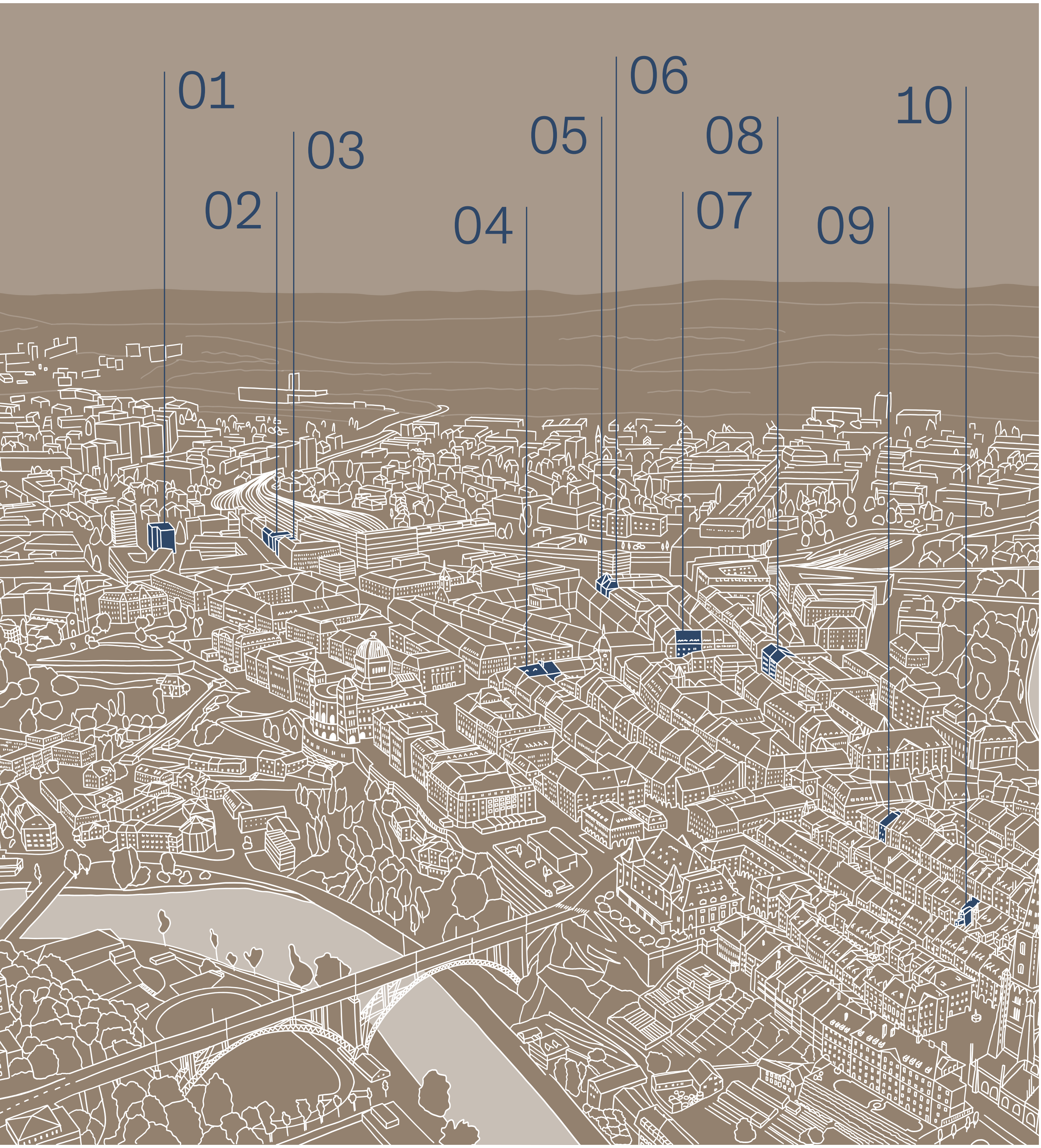
Bern – Portfolio with history

Bern is the capital of Switzerland and the canton of the same name. As the seat of the municipal, cantonal and federal administrations as well as government and parliament, Bern is the political and administrative centre of the country. The town is rich in culture and history, with shopping and leisure facilities surrounded by greenery and embraced by the river Aare. Even Goethe wrote in 1779: "It is the most beautiful town we have ever seen." The heart of Bern is the Old Town – a Unesco world cultural heritage site – with its arcades and vaulted cellars, which today house shops and restaurants.

This historic centre and the many listed buildings give Bern a very special significance. Harmonising these buildings, steeped in history, with the requirements of monument protection during modernisation is a constant challenge, which PSP Swiss Property successfully masters with great skill. The best examples are the extensive renovations of the historic properties on Bärenplatz and on Zeughausgasse. In the old town of Bern, we have also set up our local office to manage the Bern property portfolio.

But Bern is also an important business location. Our commitment there follows the strategy of being present in top locations in the most important Swiss business centres. In addition to listed properties in the Old Town, we also manage large-scale properties in neighbouring areas with good transport links. These include Liebefeld, with its numerous companies and administrative offices, and the former Gurten Brewery site in Wabern, which today comprises an interesting mix of residential and commercial use.

At the end of 2023, our Bern portfolio comprised 17 properties with rentable space of around 93 000 m^2 and a value of CHF 576.1 million. This includes also the time-honoured property at Kramgasse 49, where Albert Einstein lived with his wife from 1903 to 1905 (after studying at the ETH, the Swiss Federal Institute of Technology in Zurich, both were employees of the former Bern Patent Office).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01

Seilerstrasse 8, 8a

The property is part of Bern's City-West business centre. The office building rises above a pedestal structure. This is used for retail space and services. There is a multi-storey car park in the basement floors. The main railway station and the Old Town are just a few minutes' walk away.

02

Laupenstrasse 18, 18a

The building, located opposite the property at Laupenstrasse 10, is also close to the main railway station. The property offers modern office and retail spaces, which were renovated from 2009 to 2012.

03 **Laupenstrasse 10**

The property, built in 1965, was renovated in several stages between 2004 and 2017. The modernised retail and office spaces benefit from their proximity to the main railway station.

04 Bärenplatz 9, 11, 27 / Käfiggässchen 10, 22, 26

The extensively renovated property, which we acquired in 2019, consists of three adjoining listed Old Town houses from different time periods. The construction history of the oldest house dates back to the 16th century. The property now shines in new splendour after extensive renovations were completed in 2022. The Bärenplatz is located in the heart of the town, right opposite the Parliament Building. The ground floor is now home to the “Röschtigrabe” restaurant, with modern office spaces and 15 small flats on the upper floors.

Bollwerk 15 05

Built in 1924, the property is an outstanding example of neoclassicism. A complete renovation is planned to be completed by September 2024. The property is also listed; accordingly, the law on the preservation of historical monuments also applies to renovations here. The corner building is located at the gateway to the upper Old Town, right opposite the railway station. The pedestrian area is ideal for retail and office use.

06 Genfergasse 4

The listed property is located just a few steps from the railway station complex with shopping arcades, offices and parking decks. The building was constructed in 1899 and renovated in 1984 respectively 2005/2006.

07 Waisenhausplatz 14

The listed commercial building is centrally located in the upper part of the Old Town, not far from the railway station and the Parliament Building. It was built in 1950 and last renovated in 2022. The contemporary shops on the ground floor are accessible from the arcade and extend over three floors.

08 **Zeughausgasse 26, 28**

The listed building from 1877 and its extension from 1970 are located on Waisenhausplatz in the heart of town. An extensive renovation was completed at the end of 2022. The modern city hotel “Stay KooooK” is located on the upper floors; on the ground floor, a local restaurateur has been running the Luce restaurant for many years, and now also the Galleria Luce in the extension.

09 Kramgasse 78

This 18th century Old Town property is located directly next to the Zytglogge-turm; it was renovated in 1991/92. The retail spaces are accessible from both Kramgasse and Rathausgasse. There are offices and two apartments on the upper floors.

10 Kramgasse 49

The Old Town house with the historic name “Unterer Junker” was built in the first half of the 19th century and is a listed building. It was renovated in 2011/13 and 2020. The building is known as the “Einstein House”, as it served as Albert Einstein’s home and workplace from 1903 to 1905. In addition to a restaurant and three apartments, the property houses the Albert Einstein Museum.

Company portrait

Company portrait

We create added value by continuously optimising our portfolio and consistently focusing on the needs of our customers.

Modern company

PSP Swiss Property strives to offer its employees a pleasant and interesting working environment with appropriate tasks and responsibilities. A flat hierarchy and an open communication policy are important prerequisites to achieve this goal.

Periodically, our working environment and corporate culture are audited externally. In May 2022, the specialised firm Great Place to Work Switzerland recognised us as one of the best employers in Switzerland in the category for medium-sized companies.

Value-oriented growth strategy

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

Organic growth: The focus is on the quality- and value-oriented development of our existing real estate portfolio. A key success factor is the professional cooperation between real estate asset management, the construction department and the property management. Letting activities and modernisation of selected properties are the core activities within the framework of our portfolio optimisation.

External growth: Company takeovers, acquisitions of real estate portfolios or purchases of individual properties are the options considered. We are extremely selective when evaluating potential acquisitions because size as such is not our objective. We only buy if the price, the location and the prospects promise added value for the shareholders. A careful evaluation of the risk/return profile is crucial for every acquisition.

To optimise the portfolio, properties can also be sold.

Real estate portfolio with a long-term perspective

PSP Swiss Property owns a real estate portfolio with office and commercial properties worth CHF 9.6 billion.

We manage and maintain the buildings with a long-term perspective. Our goal is income and value appreciation through best use of the properties.

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

Sustainability

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

Further information can be found in the Sustainability report on pages 219 to 311.

Strong capital structure

Financial strength and flexibility are crucial for us. Therefore, we make sure that our financial flexibility is always assured. This includes keeping the debt ratio low and pursuing a refinancing strategy that reflects our conservative investment policy.

With equity of CHF 5.2 billion – corresponding to an equity ratio of 53.3% – we have a solid equity base.

Dividend policy

The annual distribution of PSP Swiss Property Ltd shall amount to at least 70% of the consolidated net income excluding gains/losses on real estate investments[1].

1 See definition on page 104, note 15.

Board of Directors and Executive Board

Board of Directors[1]

Luciano Gabriel
Chairman of the Board of Directors

Henrik Saxborn
Vice Chairman of the Board of Directors

Mark Abramson
Member of the Board of Directors

Corinne Denzler
Member of the Board of Directors

Adrian Dudle
Member of the Board of Directors

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

Executive Board[1]

Giacomo Balzarini
Chief Executive Officer

Reto Grunder
Chief Investment Officer

Martin Heggli
Chief Operating Officer

1 Further information on the Members of the Board of Directors and the Executive Board can be found on page 186 ff. and 203 ff. respectively.

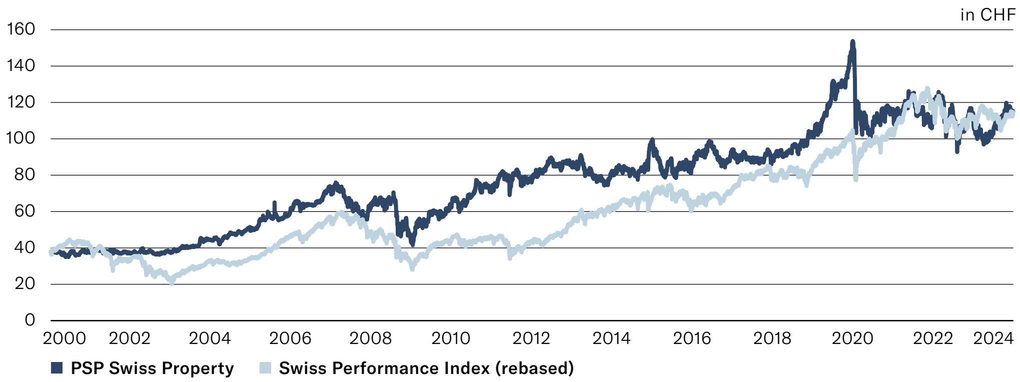
The PSP share

Share price development (in CHF)

At year-end 2023, the PSP share price stood at CHF 117.60 (end of 2022: CHF 108.50). Net asset value per share (NAV) amounted to CHF 113.82 at the end of 2023 (end of 2022: CHF 113.33); consequently, the PSP share was traded at a premium of 3.3% as at 31 December 2023.

From its listing on the SIX Swiss Exchange on 7 March 2000 (initial share price of CHF 37.75) to the end of 2023, the PSP share price rose by 211.5%. The price does not include paid out dividends.

The PSP shares are liquid: on average, 92 015 shares worth CHF 9.8 million were traded daily in 2023 (2022: 99 953 shares worth CHF 11.2 million). In 2023, the total trading volume of PSP shares on the SIX Swiss Exchange reached CHF 2.5 billion (2022: CHF 2.8 billion).



7 March 2000 until 19 February 2024
Source: Bloomberg

Major shareholders

Details on the major shareholders[1] are shown in the Holding's "Financial statements" on page 143, note 4.2.

Investor Relations

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

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

Key figures	Unit	2022	2023	+/–[1]
Share price				
High	CHF	125.90	120.50	
Low	CHF	91.80	96.50	
End of period	CHF	108.50	117.60	8.4%
SIX Swiss Exchange: Symbol PSPN, Valor 1829415, ISIN CH0018294154				
Market capitalisation				
High	CHF million	5 774.77	5 527.08	
Low	CHF million	4 210.67	4 426.25	
End of period	CHF million	4 976.67	5 394.06	8.4%
Number of shares				
Issued shares	Number	45 867 891	45 867 891	
Outstanding shares	Number	45 867 891	45 867 891	
Average outstanding shares	Number	45 867 891	45 867 891	
Reserved shares[2]	Number	7 636	7 636	
Per share figures				
Earnings per share (EPS)[3]	CHF	7.19	4.53	– 37.1%
EPS excl. gains/losses on real estate investments[3, 4]	CHF	5.14	7.40	43.9%
Distribution per share	CHF	3.80	3.85[5]	1.3%
Payout ratio[6]	%	73.9	52.1	
Cash yield[7]	%	3.5	3.3	
Net asset value per share (NAV)[8]	CHF	113.33	113.82	0.4%
Premium to NAV[9]	%	– 4.3	3.3	
NAV per share before deduction of deferred taxes[8]	CHF	136.62	134.48	– 1.6%
Premium/(Discount) to NAV before deduction of deferred taxes[9]	%	– 20.6	– 12.6	

1 Change to previous year's period 2022 or carrying value as of 31 December 2022 as applicable.
2 For the swap against REG shares which have not yet been exchanged.
3 Based on average number of outstanding shares.
4 See definition "Net income excluding gains/losses on real estate investments" on page 104, note 15.
5 Proposal to the Annual General Meeting on 4 April 2024 for the business year 2023: Dividend payment.
6 Distribution per share in relation to EPS excluding gains/losses on real estate investments.
7 Distribution per share in relation to share price at end of period.
8 Based on number of outstanding shares.
9 Share price at the end of period in relation to NAV resp. NAV before deduction of deferred taxes.

Financial statements

Consolidated statement of profit or loss

(in CHF 1 000)	2022	2023	Note
Rental income	316 231	331 905	5
Net changes in fair value of real estate investments	124 886	– 161 261	5
Income from property sales (inventories)	93 905	35 492	
Expenses from sold properties (inventories)	– 68 725	– 21 481	
Income from other property sales	– 447	910	5
Capitalised own services	3 753	4 581	5
Other income[1]	3 916	2 418	
Total operating income	**473 520**	**192 566**	
Real estate operating expenses	– 11 169	– 11 372	5
Real estate maintenance and renovation expenses	– 16 859	– 14 291	
Personnel expenses	– 20 390	– 20 604	8
General and administrative expenses[1]	– 8 030	– 8 968	
Depreciation	– 1 295	– 1 191	
Total operating expenses	**– 57 742**	**– 56 426**	
Operating profit (Ebit)	**415 778**	**136 140**	
Financial income	113	750	6
Financial expenses	– 11 672	– 23 635	6
Profit before income taxes	**404 219**	**113 255**	
Income taxes	– 74 259	94 340	7
Net income attributable to shareholders of PSP Swiss Property Ltd	**329 960**	**207 595**	
Earnings per share in CHF (basic and diluted)	7.19	4.53	15

The notes are part of these consolidated financial statements.

1 Due to the combination of items, these cannot be fully reconciled with the previous year.

Consolidated statement of comprehensive income

(in CHF 1 000)	2022	2023	Note
Net income attributable to shareholders of PSP Swiss Property Ltd	**329 960**	**207 595**	
Items that may be reclassified subsequently to profit or loss:			
– Changes in interest rate hedging	20 501	– 9 648	
– Attributable taxes	– 2 175	964	7
Items that may not be reclassified subsequently to profit or loss:			
– Changes in pension schemes	3 851	– 2 864	9
– Attributable taxes	– 770	573	7
Other comprehensive income	**21 407**	**– 10 975**	
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd	**351 366**	**196 620**	

The notes are part of these consolidated financial statements.

Consolidated statement of financial position

(in CHF 1 000)	31 December 2022	31 December 2023	Note
Cash and cash equivalents	20 741	141 678	
Accounts receivable	13 518	16 057	
Contract assets	1 583	0	
Deferrals	2 846	1 036	
Current tax assets	1 496	8 538	
Derivative financial instruments	400	229	6
Sites and development properties for sale	25 442	29 792	5
Total current assets	**66 027**	**197 331**	
Tangible and Intangible assets	628	460	
Derivative financial instruments	14 984	6 099	6
Accounts receivable	3 695	2 890	
Financial investments and Investments in associated companies[1]	87	9	
Sites and development properties	508 940	530 790	5
Own-used properties	36 412	37 259	5
Investment properties	8 850 261	9 009 653	5
Deferred tax assets	2 831	2 409	7
Total non-current assets	**9 417 839**	**9 589 569**	
Total assets	**9 483 866**	**9 786 900**	

(in CHF 1 000)	31 December 2022	31 December 2023	Note
Accounts payable	24 298	28 824	
Deferrals	73 029	94 016	
Current tax liabilities	18 211	17 948	
Financial liabilities[1]	30 181	100 185	6
Bonds and notes	409 686	350 044	6
Derivative financial instruments	0	407	6
Total current liabilities	**555 405**	**591 425**	
Financial liabilities[1]	1 121 700	1 286 627	6
Bonds	1 530 822	1 728 976	6
Derivative financial instruments	1 101	1 286	6
Pension liabilities	5 489	7 712	9
Deferred tax liabilities	1 070 971	950 152	7
Total non-current liabilities	**3 730 082**	**3 974 753**	
Share capital	4 587	4 587	10
Capital reserves	503 012	503 034	
Retained earnings	4 666 315	4 699 612	
Revaluation reserves	24 464	13 489	11
Total shareholders' equity	**5 198 379**	**5 220 722**	
Total liabilities and shareholders' equity	**9 483 866**	**9 786 900**	

The notes are part of these consolidated financial statements.

1 Due to the combination of items, these cannot be fully reconciled with the previous year.

Consolidated cash flow statement

(in CHF 1 000)	2022	2023	Note
Net income attributable to shareholders of PSP Swiss Property Ltd	329 960	207 595	
Net changes in fair value of investment properties	– 124 886	161 261	5
Capitalised/released rent-free periods	– 2 785	899	5
Income from other property sales	447	– 910	5
Income from investments in associated companies	– 2	0	
Payment from associated companies	0	49	
Capitalised own services	– 3 753	– 4 581	5
Changes in pension liabilities recorded in the statement of profit or loss	519	– 641	
Compensation in own shares	1 905	1 646	10
Depreciation	1 295	1 191	
Financial result	11 560	22 886	6
Income taxes	74 259	– 94 340	7
Changes in sites and development properties for sale	59 638	10 927	
Changes in accounts receivable	– 5 530	– 2 539	
Changes in contract assets	4 843	1 583	
Changes in accounts payable	– 2 731	4 507	
Changes in deferrals (assets)	– 333	1 810	
Changes in deferrals (liabilities)	5 818	17 503	
Interest paid	– 13 053	– 20 871	
Interest received	111	748	
Dividends received	1	2	
Taxes paid	– 20 841	– 31 824	
Cash flow from operating activities	**316 442**	**276 899**	

(in CHF 1 000)	2022	2023	Note
Purchases of investment properties	– 131 959	– 216 824	5
Capital expenditures on investment properties	– 57 654	– 42 355	5
Capital expenditures on own-used properties	– 1 036	– 1 631	5
Capital expenditures on sites and development properties	– 91 289	– 96 411	5
Sales of investment properties	58 860	3 000	
Repayment of loans	932	805	
Investment in intangible assets	0	– 193	
Cash flow from investing activities	**– 222 144**	**– 353 609**	
Purchases of own shares	– 1 975	– 1 624	10
Increase in financial liabilities	605 000	525 000	6
Repayment of financial liabilities	– 535 000	– 290 000	6
Issue of bonds and notes	410 294	680 190	6
Issue expenses of bonds and notes	– 89	– 1 458	6
Repayment of bond and notes	– 400 000	– 540 000	6
Amortisation of lease liabilities	– 179	– 182	6
Distribution to shareholders	– 171 986	– 174 279	16
Cash flow from financing activities	**– 93 935**	**197 647**	
Changes in cash and cash equivalents	**363**	**120 936**	
Cash and cash equivalents at beginning of period	20 379	20 741	
Cash and cash equivalents at end of period	20 741	141 678	

The notes are part of these consolidated financial statements.

Consolidated statement of shareholders' equity

(in CHF 1 000)	Share capital	Capital reserves	Own shares	Retained earnings	Revaluation reserves	Total share-holders' equity
1 January 2022	**4 587**	**503 082**	**0**	**4 508 360**	**3 058**	**5 019 087**
Net income attributable to shareholders of PSP Swiss Property Ltd				**329 960**		**329 960**
Changes in interest rate hedging					20 501	20 501
Changes in pension schemes					3 851	3 851
Attributable taxes					– 2 945	– 2 945
Other comprehensive income					**21 407**	**21 407**
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd	**0**	**0**	**0**	**329 960**	**21 407**	**351 366**
Distribution to shareholders				– 172 005		– 172 005
Purchase of own shares			– 1 972			– 1 972
Compensation in own shares		– 70	1 972			1 902
31 December 2022	**4 587**	**503 012**	**0**	**4 666 315**	**24 464**	**5 198 379**
Net income attributable to shareholders of PSP Swiss Property Ltd				**207 595**		**207 595**
Changes in interest rate hedging					– 9 648	– 9 648
Changes in pension schemes					– 2 864	– 2 864
Attributable taxes					1 537	1 537
Other comprehensive income					**– 10 975**	**– 10 975**
Comprehensive income attributable to shareholders of PSP Swiss Property Ltd	**0**	**0**	**0**	**207 595**	**– 10 975**	**196 620**
Distribution to shareholders				– 174 298		– 174 298
Purchase of own shares			1 624			1 624
Compensation in own shares		21	– 1 624			– 1 603
31 December 2023	**4 587**	**503 034**	**0**	**4 699 612**	**13 489**	**5 220 722**

The notes are part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

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

PSP Swiss Property Group owns 162 office and commercial properties as well as 11 sites and development properties throughout Switzerland. The properties are mainly in prime locations in Zurich, Geneva, Basel, Bern and Lausanne. At the end of 2023, PSP Swiss Property had 101 employees, corresponding to 90 full-time equivalents (end of 2022: 100 respectively 91).

The consolidated 2023 financial statements are based on the individual annual financial statements of the controlled individual subsidiaries at 31 December 2023 which have been prepared in accordance with uniform accounting policies and valuation principles.

The consolidated financial statements of PSP Swiss Property for the year 2023 were authorised for issue by the Board of Directors on 26 February 2024. The consolidated financial statements are subject to approval by the Annual General Meeting of PSP Swiss Property on 4 April 2024.

2 Summary of significant accounting policies

2.1 Accounting principles

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

The Group's consolidated financial statements, which are prepared on the basis of going concern values, are based on the historical cost principle, taking into account adjustments resulting from the revaluation of certain assets and financial instruments. These include in particular, investment properties, investment properties held for sale, sites and development properties with the intention to hold (if the fair value can be reliably determined), financial investments as well as derivative financial instruments.

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

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

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

2.2 Modifications of accounting principles

IAS 1

On 12 February 2021, the IASB published amendments to IAS 1 and Practice Statement 2 to provide guidance on the application of materiality judgements when disclosing accounting policies. The amendments to IAS 1 replace the requirement to disclose "significant accounting policies" with the requirement to disclose "material accounting policy information". These amendments affect financial years beginning on or after 1 January 2023.

This change was taken as an opportunity to perform an internal analysis of the PSP Group's financial report with materiality considerations and to emphasise the more relevant information. The financial report was revised accordingly. As a result, items in the balance sheet and income statement have also been merged and cannot be fully reconciled with the previous year.

Amendment to IAS 12 – BEPS 2.0 – Pillar II
The PSP Group does not fall within the scope of the OECD minimum taxation rules as it operates nationally.

2.3 Critical estimates and assumptions

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

Real estate valuations
The fair value of the properties classified in accordance with IAS 40/IFRS 5 is determined semi-annually by an external, independent valuer, as required by the SIX Swiss Exchange accounting guidelines in conjunction with section "VI Special provisions for real estate companies" (see the valuation report of the valuation expert Wüest Partner on pages 112 to 119). Thereby, the appraiser has access to company information with regard to lease contracts, operating costs and investments.

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

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

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

2.4 Related parties

Related parties are the Board of Directors and related companies closely associated with it as well as the Executive Board. Details on the transactions with related parties are disclosed in note 17 on page 106.

2.5 Consolidation

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

(in CHF 1 000)	Registered office	Share capital 2022	Ownership 2022	Share capital 2023	Ownership 2023
Directly held investments					
PSP Participations Ltd	Zug	1 000 000	100%	1 000 000	100%
Indirectly held investments					
PSP Group Services Ltd	Zurich	100	100%	100	100%
PSP Real Estate Ltd	Zurich	50 600	100%	50 600	100%
PSP Management Ltd	Zurich	100	100%	100	100%
PSP Properties Ltd	Zurich	9 919	100%	9 919	100%
Immobiliengesellschaft Septima Ltd	Zurich	5 700	100%	5 700	100%
SI 7 Place du Molard Ltd	Zurich	105	100%	105	100%
Place DLS LLC	Zurich	20	100%	20	100%

The group of consolidated companies has not changed compared to prior year. There are no minority interests in any group company. Furthermore, there are no restrictions on the use of the group companies' funds or assets.

In the reporting period 2022, the ordinary shares of Place DLS LLC were acquired entirely in cash from PSP Participations Ltd. As the acquired assets and liabilities do not represent a business operation according to the guidelines of IFRS 3, the acquisition did not represent a business combination but an acquisition of assets. The acquisition costs were allocated to the corresponding balance sheet items. The acquisition of ownership took place retroactively as of 1 January 2022. Place DLS LLC is fully consolidated with a participation rate of 100%.

2.6 Accounting and valuation principles

Real Estates

Real estate income and expenses

Rental income comprises rental income after deduction of vacancy losses, rent reliefs, write-offs of defaulting tenants, income from electricity sale and other income. Income from operating-leasing activity is recognised in the income statement when the rent is due. Where significant rent incentives are granted to tenants (e.g., rent-free periods or step-up rents), the equivalent value of the incentive is recognised on a straight-line basis over the entire term of the lease as an adjustment to rental income.

At two properties (see Property details, footnote 5, pages 316 to 329), PSP Swiss Property is lessee of building rights. The building right contracts are accounted for in accordance with the requirements of IFRS 16.

Direct real estate expenses consist of operating expenses for properties as well as maintenance and renovation expenses. Maintenance expenses do not count as value-enhancing capital expenditures (see section on acquisition costs on page 68) and are therefore charged to the income statement.

Income from sites and development properties for sale (inventories)

All revenues shown in the positions “Income from sites and development properties for sale”, “Income from other property sales”, “Other income” and are related to trading with properties and intercompany services.

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

The percentage of completion is determined based on the proportion between accrued costs and the estimated overall development costs. The pro rata income from fulfilled performance obligations is accumulated in the position “Contract assets”.

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

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

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

Sites and development properties for sale (inventories)

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

Own-used properties

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

Investment properties held for sale

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

Acquisition costs

All costs directly related to the acquisition or construction of properties as well as subsequent value-enhancing investments are considered acquisition costs and are capitalised. Value-enhancing investments are capitalised at different rates depending on their ability to be capitalised. In individual cases, the capitalization rate can be up to 100%. Interest expenses are for the financing of development properties and for renovations of investment properties and are relieved under financial expenses. The applied interest rate is determined periodically based on PSP Swiss Property's debt financing structure; in the reporting year, it was 0.38% (previous year: 0.40%).

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

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

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

Financing

Interest expenses
Interest expenses are accrued using the effective interest rate method and charged directly to the income statement (Financial expenses).

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

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

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

At the time a hedge is entered into, the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategies for undertaking the hedge, are documented. The Group periodically tests the effectiveness of the hedging instrument to determine whether it is highly effective. The risk management effect is still present in order to achieve an effective balancing of risks.

Financial liabilities

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

Bonds and notes

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

Taxes

Current income taxes comprise the expected tax payable on the taxable result, calculated at the tax rates applicable on the balance sheet date, property gains taxes on property sales, and adjustments to tax liabilities or assets from previous years.

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

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

Right-of-use assets

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

Pension liabilities

Accounting and valuation method for pension liabilities
Benefits following the termination of a work contract include employee pension benefits. These are classified either as defined benefit plans or defined contribution plans.

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

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

Performance-based remuneration in shares for the Executive Board

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

The amount related to the allocation of the shares is fully charged to personnel expenses in the corresponding business year.

3 Risk management

3.1 Basis

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

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

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

The most important risks are associated with:

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

3.2 Real estate market risks

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

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

Various tables in this annual report give important indications for judging the diversification of property risks, such as the development of rental income and vacancy rates according to regions (pages 314 to 315), the lease expiry profile or the tenant structure (pages 332 to 333). This information shows that PSP Swiss Property has a well-diversified and balanced portfolio within its defined strategy.

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

Average weighted discount rate (nominal)	Change fair value in %	Change fair value in CHF 1 000	Fair value in CHF 1 000
4.25%	– 13.9%	– 1 322 580	8 211 050
4.15%	– 10.8%	– 1 028 210	8 505 420
4.05%	– 7.5%	– 711 550	8 822 080
3.95%	– 3.9%	– 370 010	9 163 620
3.85% (Valuation per 31 December 2023)	**0.0%**	**0**	**9 533 630**
3.75%	4.2%	402 050	9 935 680
3.65%	8.8%	840 650	10 374 280
3.55%	13.9%	1 321 950	10 855 580
3.45%	19.4%	1 851 810	11 385 440

An increase respectively decrease of the market rents (price level) on which the estimates are based for all properties by 4% would result in an appreciation respectively depreciation of the entire portfolio of approximately CHF 455 million at most (2022: CHF 446 million; assumption: all other valuation variables remain unchanged). This would result in a change in the Company's net income of +/– CHF 374 million (2022: CHF 367 million).

An increase in the structural vacancy rates on which the estimates are based for all properties from 5.0% to 8.0% (2022: from 5.0% to 8.0%) would result in a depreciation of the entire portfolio of approximately CHF 366 million at most (2022: CHF 365 million; assumption: all other valuation variables remain unchanged). This would have the following impact on the Company's results:

- Change in net income: approximately CHF 301 million (2022: CHF 301 million)
- Change in net income excluding gains/losses on real estate investments: no impact (2022: no impact)

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

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

All the guidelines established by the Board of Directors were fulfilled as at 31 December 2023 and 31 December 2022.

3.3 Financial risks

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

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

All the guidelines established by the Board of Directors were fulfilled as at 31 December 2023 and 31 December 2022.

3.4 Credit risk

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

PSP Swiss Property has a broadly diversified tenant base. Creditworthiness is critically checked and documented by the property management before signing contracts, based on standard market data sources. In general, tenant deposits or bank guarantees of between 3 and 6 gross monthly rents are required for rental agreements. At the end of 2022, PSP Swiss Property had no significant concentrations of credit risk from receivables as at the end of 2023 (see also the tenant structure on page 333). The default rate in the reporting year was –0.2% (previous year: 0.4%). Overall, the credit risk for receivables from tenancies continues to be classified as low. The receivables include individual tenant loans. The largest individual position at the end of 2023 was CHF 1.0 million due from a global company (end of 2022: CHF 1.4 million). There are no indications of a default risk.

Our efforts to work with first-class banking institutions ensure that positive fair value receivables from derivative financial instruments (interest rate swaps) as well as cash and cash equivalents and fixed-term deposits are exposed to only minor credit risks. Creditworthiness considerations play an important role both in selecting these institutions and in continuous monitoring. The three largest institutions all had at least an "A" rating (S&P) or "A1" rating (Moody's) at the end of 2023.

3.5 Liquidity risk

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

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

PSP Swiss Property aims to have available liquidity (cash and cash equivalents plus available credit lines) of at least CHF 100 million at all times. At the end of the reporting period, cash and cash equivalents amounted to CHF 141.7 million (end of 2022: CHF 20.7 million). At the same time, PSP Swiss Property had unused credit lines of CHF 1.13 billion (end of 2022: CHF 910 million), of which CHF 825 million were committed credit lines (end of 2022: CHF 610 million).

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

- Credit lines: At the end of 2023, committed credit lines amounted to CHF 2.21 billion; thereof CHF 0.1 billion was subject to short-term notice (end of 2022: CHF 1.73 billion, thereof none was subject to short-term notice).
- Financing sources: PSP Swiss Property has bilateral business relations with 11 Swiss banks. In addition, there is a syndicated loan with 11 Swiss cantonal banks. Furthermore, access to the money and capital markets is generally open.

3.6 Market risk

Interest rate risk

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

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

Based on the financial liabilities as of 31 December 2023 with interest rates fixed for less than twelve months, a change in interest rates of 50 basis points (assuming all other variables remain unchanged) would result in a change in annualised interest costs of approximately CHF 2.8 million (2022: CHF 2.8 million). This would have the following impact on the results:

- Change in net income: CHF 2.3 million (2022: CHF 2.4 million)
- Change in net income excluding gains/losses on real estate investments: CHF 2.3 million (2022: CHF 2.4 million)
- Change in shareholders' equity (retained earnings): CHF 2.3 million (2022: CHF 2.4 million)

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

- Change in net income: no impact (2022: no impact)
- Change in net income excluding gains/losses on real estate investments: no impact (2022: no impact)
- Change in comprehensive income: CHF 4.0 million (2022: CHF 3.8 million)
- Change in shareholders' equity (revaluation reserves): CHF 4.0 million (2022: CHF 3.8 million)

Overall, the financing structure as at 31 December 2023 can be described as well hedged.

3.7 Equity risk

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

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

With shareholders' equity of CHF 5.221 billion at the end of 2023 (end of 2022: CHF 5.198 billion) – corresponding to an equity ratio of 53.3% (end of 2022: 54.8%) – PSP Swiss Property has a strong equity base. At the end of 2023, interest-bearing liabilities amounted to CHF 3.466 billion or 35.4% of total assets (end of 2022: CHF 3.092 billion or 32.6%). The remaining 11.2 percentage points (based on total assets) are mainly deferred taxes which do not trigger any interest charges.

4 Segment reporting

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

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

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

As of 31 December 2023, the Group was, as in the previous year, organised according to the following three business units:

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

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

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

PSP Swiss Property generates income in the areas of property management and administration of properties and from the sale of development projects held for sale. Revenue is recognised according to the accounting principles described in "article 2.6" and is shown in the positions "Rental income", "Income from property sales (inventories)", "Property management services" and "Other income".

Segment information 2022

(in CHF 1 000)	Real Estate Investments	Property Management	Holding	Subtotal	Eliminations	Total Group
Rental income	318 081			318 081	– 1 850	316 231
Net changes in fair value of real estate investments	124 886			124 886		124 886
Income from property sales (inventories)	93 905			93 905		93 905
Expenses from sold properties (inventories)	– 69 935			– 69 935	1 211	– 68 725
Income from other property sales	– 1 635			– 1 635	1 188	– 447
Property management services		14 661		14 661	– 14 661	0
Capitalised own services		2 437	1 316	3 753		3 753
Other income[1]	3 900	1 400	25 493	30 793	– 26 877	3 916
Total operating income	**469 203**	**18 498**	**26 809**	**514 510**	**– 40 990**	**473 520**
Real estate operating expenses	– 25 830			– 25 830	14 661	– 11 169
Real estate maintenance and renovation expenses	– 17 543			– 17 543	684	– 16 859
Personnel expenses		– 11 589	– 8 902	– 20 490	100	– 20 390
General and administrative expenses	– 23 351	– 5 784	– 4 439	– 33 574	25 544	– 8 030
Depreciation	– 788	– 507		– 1 295		– 1 295
Total operating expenses	**– 67 512**	**– 17 879**	**– 13 341**	**– 98 732**	**40 990**	**– 57 742**
Operating profit (Ebit)	**401 691**	**619**	**13 468**	**415 778**		**415 778**
Financial income						113
Financial expenses						– 11 672
Profit before income taxes						**404 219**
Income taxes						– 74 259
Net income attributable to shareholders of PSP Swiss Property Ltd						**329 960**
Income with third parties	414 037	14		414 051		414 051
Income with other segments	1 850	18 482	26 809	47 142	– 43 389	3 753
Total revenue	**415 887**	**18 496**	**26 809**	**461 193**	**– 43 389**	**417 804**
Assets	9 457 539	7 701	36 744	9 501 985	– 8 949	9 493 035
Liabilities	4 277 243	9 535	16 828	4 303 606	– 8 949	4 294 656
Capital expenditures	171 421	15		171 435		171 435
Associated companies		78		78		78

The Real Estate Investments Segment exclusively invests in commercial properties.
As PSP Swiss Property is exclusively active in Switzerland, no geographical segment information is disclosed.
1 Due to the combination of items, these cannot be fully reconciled with the previous year.

Segment information 2023

(in CHF 1 000)	Real Estate Investments	Property Management	Holding	Subtotal	Eliminations	Total Group
Rental income	333 720			333 720	– 1 815	331 905
Net changes in fair value of real estate investments	– 161 261			– 161 261		– 161 261
Income from property sales (inventories)	35 492			35 492		35 492
Expenses from sold properties (inventories)	– 21 754			– 21 754	273	– 21 481
Income from other property sales	850			850	60	910
Property management services		15 156		15 156	– 15 156	0
Capitalised own services		2 416	2 165	4 581		4 581
Other income[1]	2 410	1 653	23 909	27 972	– 25 554	2 418
Total operating income	**189 458**	**19 226**	**26 074**	**234 758**	**– 42 192**	**192 566**
Real estate operating expenses	– 26 528			– 26 528	15 156	– 11 372
Real estate maintenance and renovation expenses	– 15 237			– 15 237	945	– 14 291
Personnel expenses		– 11 390	– 9 314	– 20 704	100	– 20 604
General and administrative expenses	– 24 241	– 6 127	– 4 590	– 34 959	25 990	– 8 968
Depreciation	– 801	– 390		– 1 191		– 1 191
Total operating expenses	**– 66 807**	**– 17 907**	**– 13 904**	**– 98 618**	**42 192**	**– 56 426**
Operating profit (Ebit)	**122 651**	**1 319**	**12 170**	**136 140**		**136 140**
Financial income						750
Financial expenses						– 23 635
Profit before income taxes						**113 255**
Income taxes						94 340
Net income attributable to shareholders of PSP Swiss Property Ltd						**207 595**
Income with third parties	369 808	2 416		372 224		372 224
Income with other segments	1 815	16 810	26 074	44 698	– 42 525	2 173
Total revenue	**371 623**	**19 226**	**26 074**	**416 922**	**– 42 525**	**374 397**
Assets	9 659 556	11 967	132 194	9 803 716	– 16 816	9 786 900
Liabilities	4 544 174	18 629	20 191	4 582 994	– 16 816	4 566 178
Capital expenditures	160 887			160 887		160 887

The Real Estate Investments Segment exclusively invests in commercial properties.
As PSP Swiss Property is exclusively active in Switzerland, no geographical segment information is disclosed.
1 Due to the combination of items, these cannot be fully reconciled with the previous year.

5 Real Estate

Rental income

(in CHF 1 000)	2022	2023
Potential rent	344 771	360 843
Vacancy	– 22 853	– 26 982
Rent reliefs	– 18	0
Write-offs of defaulting tenants	– 244	577
Income from electricity sale	354	361
Other income	– 5 780	– 2 893
Total rental income	**316 231**	**331 905**

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

(in CHF 1 000)	2022	2023
Rental income < 1 year	264 076	288 700
Rental income 2 to 5 years	615 977	657 748
Rental income > 5 years	199 809	257 990
Accumulated future rental income	**1 079 862**	**1 204 437**

Lease contracts for commercial properties usually include an index clause, whereby rents can be raised on the basis of the consumer price index. The vast majority of new contracts usually contain a clause for a 100% adjustment to the index; over the entire portfolio, 77.7% of contracts have a clause for a 100% indexation (end of 2022: 78.0%). At the end of 2023, the average remaining weighted duration for all leases was 4.7 years (2022: 4.4 years).

Income from other property sales

The following figures refer to disinvestments of investment properties.

(in CHF 1 000)	2022	2023
Sales proceeds	59 420	3 000
Transaction costs	– 560	0
Carrying value of sold properties	– 59 307	– 2 090
Total income from property sales	**– 447**	**910**

The income from other property sales in the reporting year resulted from the sale of the investment property Bahnhofstrasse 23 in Interlaken (previous year: Lintheschergasse 23 and Löwenstrasse 16 in Zurich as well as Rue du Pont 22 in Lausanne).

Real estate operating expenses

(in CHF 1 000)	2022	2023
Taxes and fees	4 267	4 091
Insurance fees	2 202	2 495
General operating expenses	1 885	1 810
Letting expenses	1 275	1 306
Expenses for caretakers	929	1 084
Administrative expenses	533	468
Utilities and waste management	302	332
Ancillary expenses received	– 224	– 215
Total real estate operating expenses	**11 169**	**11 372**

Operating expenses for vacant objects amounted to CHF 3.4 million in 2023 (2022: CHF 3.5 million). Thereof, heating and general operating expenses accounted for CHF 1.6 million (2022: CHF 1.7 million).

Real estate investments

(in CHF 1 000)	Investment properties	Own-used properties	Sites and development properties at fair value	Sites and development properties for sale	Total real estate investment
	IAS 40	IAS 16	IAS 40	IAS 2	
Carrying value at 1 January 2022	**8 473 659**	**36 132**	**532 170**	**85 010**	**9 126 971**
Purchases	131 959	0	0	0	131 959
Capitalised/released rent-free periods	2 267	0	518	0	2 785
Transfers	149 450	0	– 149 450	0	0
Capital expenditures	57 654	1 036	91 289	9 059	159 037
Capitalised own services	2 469	32	1 183	70	3 753
Capitalised interests	156	0	298	1	456
Sales	– 59 307	0	0	– 68 697	– 128 004
Net changes in fair value of real estate investments	91 953	n.a.	32 933	n.a.	124 886
Depreciation	n.a.	– 788	n.a.	n.a.	– 788
Carrying value at 31 December 2022	**8 850 261**	**36 412**	**508 940**	**25 442**	**9 421 055**
Historical cost		42 273			
Accumulated depreciation		– 5 861			
Carrying value, net		**36 412**			
Carrying value at 1 January 2023	**8 850 261**	**36 412**	**508 940**	**25 442**	**9 421 055**
Purchases	216 824	0	0	0	216 824
Capitalised/released rent-free periods	– 876	0	– 23	0	– 899
Transfers	83 593	0	– 98 854	15 261	0
Capital expenditures	42 355	1 631	96 411	10 488	150 885
Capitalised own services	3 389	16	1 161	15	4 581
Capitalised interests	139	0	358	1	498
Capitalised rights of use	114	0	0	0	114
Sales	– 2 090	0	0	– 21 415	– 23 505
Net changes in fair value of real estate investments	– 184 057	n.a.	22 796	n.a.	– 161 261
Depreciation	n.a.	– 801	n.a.	n.a.	– 801
Carrying value at 31 December 2023	**9 009 653**	**37 259**	**530 790**	**29 792**	**9 607 493**
Historical cost		43 921			
Accumulated depreciation		– 6 662			
Carrying value, net		**37 259**			

Class of assets fair value change calculation

(in CHF 1 000)	Zurich	Geneva	Basel	Bern	Lausanne	Other locations	Total real estate investment
Carrying value at 1 January 2022	**5 440 110**	**1 406 969**	**747 260**	**564 290**	**454 720**	**392 480**	**9 005 829**
Additions	67 680	64 278	0	0	0	0	131 959
Capitalised/released rent-free periods	2 316	933	– 392	0	0	– 72	2 785
Capital expenditures	68 560	9 305	23 649	30 475	10 251	6 702	148 942
Capitalised own services	2 025	844	344	220	94	124	3 651
Capitalised interest	167	37	129	80	23	19	455
Net changes in fair value recognised in the income statement, item Net changes in fair value of real estate investments	151 101	14 962	– 23 400	– 8 595	– 11 049	1 867	124 886
Disposals	– 29 900	0	0	0	– 29 407	0	– 59 307
Carrying value at 31 December 2022[1]	**5 702 060**	**1 497 328**	**747 590**	**586 470**	**424 632**	**401 120**	**9 359 201**
Carrying value at 1 January 2023	**5 702 060**	**1 497 328**	**747 590**	**586 470**	**424 632**	**401 120**	**9 359 201**
Additions	216 824	0	0	0	0	0	216 824
Capitalised rights of use	0	114	0	0	0	0	114
Capitalised/released rent-free periods	– 561	– 248	– 36	0	0	– 53	– 899
Capital expenditures	84 749	8 838	20 986	9 501	14 302	390	138 766
Capitalised own services	3 478	186	492	227	131	36	4 550
Capitalised interest	324	35	96	9	20	14	498
Net changes in fair value recognised in the income statement, item Net changes in fair value of real estate investments	– 46 333	– 48 963	– 30 128	– 20 128	– 8 703	– 7 007	– 161 261
Disposals	– 15 261	0	0	0	0	– 2 090	– 17 351
Carrying value at 31 December 2023[1]	**5 945 280**	**1 457 289**	**739 000**	**576 080**	**430 383**	**392 410**	**9 540 443**

1 Values are allocated to Level 3 in the fair value hierarchy, see note 12.

During the reporting period, the property Pfingstweidstrasse 60, 60b in Zurich was acquired for CHF 216.5 million. In the same period, the property Bahnhofstrasse 23 in Interlaken for CHF 3.0 million, a part of the Areal in Wädenswil (Reithalle, Mühlequartier and Felsenkeller) for CHF 13.0 million and the property Grünenbodenweg 28 in Köniz near Bern (Project “Spiegel”) for CHF 2.7 million were sold. Further partial disposals were recorded for the properties “Parco Lago” in Paradiso and “Salmenpark” in Rheinfelden.

Further information can be found on pages 330 to 331.

The following reclassifications were made during the reporting period:

Property	**Classification at beginning of period**	**Classification at end of period**
Basel, Grosspeterstrasse 18 / Grosspeteranlage 11	Site and development property	Investment property
Basel, Grosspeterstrasse 24	Investment property	Site and development property
Basel, Hochstrasse 16 / Pfeffingerstrasse 5	Investment property	Site and development property
Geneva, Rue de la Corraterie 5, 7 / Rue de la Cité 6	Site and development property	Investment property
Lausanne, Place Saint-François 15	Investment property	Site and development property
Zurich, Bahnhofplatz 2	Site and development property	Investment property
Zurich, Flüelastrasse 7	Investment property	Sites and development properties for sale
Zurich, Förrlibuckstrasse 151	Site and development property	Investment property
Zurich, Grubenstrasse 6, 8	Site and development property	Investment property
Zurich, Limmatquai 4	Site and development property	Investment property
Zurich, Theaterstrasse 12	Investment property	Site and development property

The basis and assumptions for the valuation can be found in the valuation report of the external, independent appraiser Wüest Partner AG on pages 112 to 119.

The valuation of the properties by the independent appraiser resulted in a devaluation of CHF – 161.3 million as at the end of 2023. Thereof, CHF – 184.1 million were related to the investment portfolio and CHF 22.8 million to the sites and development projects.

As at the end of 2023, the weighted average discount rate for the entire portfolio was 3.85% in nominal terms; this includes an inflation rate of 1.25% (end of 2022: 3.48%; inflation rate 1.0%). The devaluation resulted mainly from the higher discount rate. On the other hand, various lettings and the increase in market rents due to the indexation of rental agreements as well as investments made had a selective net value-increasing effect.

For the properties recognised as at 1 January 2023, the fair value adjustments at the end of 2023 resulted in positive valuation differences totalling CHF 59.1 million (2022: CHF 209.5 million) and negative valuation differences totalling CHF 226.2 million (2022: CHF 86.0 million).

As of 31 December 2023, the independent appraiser had identified a total of eight properties for which significant optimisation of use appears possible (2022: nine properties). The valuation experts have valued these properties as at the balance sheet date in accordance with IFRS 13 on the basis of "Highest and Best Use". For two properties in the Zurich region and one property in Lausanne, concrete steps are being taken to implement the optimisation of use. For the remaining five properties (two each in Basel and Zurich and one in Geneva), no concrete measures are currently planned.

In accordance with PSP Swiss Property's accounting and valuation principles, own-used properties are reported at historical cost (IAS 16). The estimated fair value for the own-used property (Seestrasse 353, Zurich) amounted to CHF 50.8 million at the end of 2023 (end of 2022: CHF 47.9 million).

Notary and transfer fees for the sale of all properties were estimated at approximately CHF 107 million at the end of 2023 (end of 2022: approximately CHF 109 million).

Sites and development properties are recognised at fair value if the fair value can be determined with sufficient reliability; this applied to the following properties as at the end of 2023: i) Basel, Project "Hochstrasse", ii) Basel, Project "TEC", iii) Lausanne, Project "Hôtel des Postes", iv) Wallisellen, Project "Richtipark", v) Zurich, Project "Füsslistrasse", vi) Zurich, Project "The12". The estimated fair value of all sites and development properties totalled CHF 530.8 million at the end of 2023 (end of 2022: CHF 508.9 million).

Payment obligations for ongoing development and renovation work totalled CHF 103.1 million at the end of 2023 (end of 2022: CHF 53.7 million).

6 Financing

Financial results

(in CHF 1 000)	2022	2023
Financial income	111	748
Income from financial investments	1	2
Total financial income	**113**	**750**
Financial expenses	12 515	24 354
Capitalised interests	– 456	– 498
Amortisation of issue expenses of bonds and notes	– 387	– 221
Total financial expenses	**11 672**	**23 635**
Total financial result	**11 560**	**22 886**
Overall financial expenses for financial instruments at amortised cost	**12 128**	**24 134**

Interest-bearing debt amounted to CHF 3.466 billion at the end of 2023 (end of 2022: CHF 3.092 billion). The average interest rate was 0.72% in the reporting year (2022: 0.38%). As at 31 December 2023, the passing average interest rate was 0.91% (end of 2022: 0.47%).

Derivative financial instruments

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

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

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

Maturity (in CHF 1 000)	Contract value Payer Swaps	Contract value Receiver Swaps	Positive Fair Value[1]	Negative Fair Value[1]
31 December 2022				
2023	50 000	0	400	0
2024	50 000	50 000	624	– 1 101
2025	0	0	0	0
2026	0	0	0	0
2027	100 000	0	6 014	0
2028	100 000	0	8 346	0
Total	**300 000**	**50 000**	**15 384**	**– 1 101**
31 December 2023				
2024	50 000	50 000	229	– 407
2025	0	0	0	0
2026	0	0	0	0
2027	100 000	0	2 364	0
2028	150 000	0	3 736	– 1 286
Total	**300 000**	**50 000**	**6 328**	**– 1 693**

1 Excl. accrued interest.

In the reporting period, one new interest rate payer swap of CHF 50 million were concluded. A payer interest rate swap with a contract value of CHF 50 million expired at mid of November 2023. All interest rate swaps fulfil the requirements for applying hedge accounting. The fixed interest rate basis for the swaps existing at the end of 2023 was 0.1375% to 1.6250%. The variable interest rate of the swaps has been based on the SARON since the conversion of the contracts.

Value changes (after tax) of the interest rate swaps, excluding accrued interest, are recorded income neutral directly in the other comprehensive income (see note 11 on page 99). Accrued interest is recognised directly as financial income, consequently there are no transfers between other comprehensive income and financial income. As in the previous year, the cash flow hedges were effective in the reporting period.

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

Debt

(in CHF 1 000)	31 December 2022	31 December 2023
Short-term financial liabilities	30 000	100 000
Short-term lease liabilities	181	185
Total short-term financial liabilities	30 181	100 185
Short-term bonds and notes	409 686	350 044
Long-term financial liabilities	1 115 000	1 280 000
Long-term lease liabilities	6 700	6 627
Total long-term financial liabilities	1 121 700	1 286 627
Long-term bonds	1 530 822	1 728 976
Total interest-bearing debt	**3 092 389**	**3 465 833**

Financial liabilities consist of bank-loans in the form of unsecured advances. Long-term liabilities consist of loans which cannot be called in by the bank within twelve months. Short-term liabilities have a maturity term of maximum twelve months. Non-current liabilities also include bonds with a maturity date of more than twelve months. Current financial liabilities have maximum maturities of one year. Debt's fair values can be found in note 12 on page 100.

(in CHF 1 000)	Carrying value 01.01.22	Issue	Amortisation of issuer costs	Repay-ment	Carrying value 31.12.22
Financial liabilities	1 075 000	605 000	n.a.	– 535 000	1 145 000
Bonds and notes	1 930 690	410 205	– 387	– 400 000	1 940 508
Lease liabilities	7 059	0	– 179	0	6 881
Total interest-bearing debt	**3 012 749**	**1 015 205**	**– 566**	**– 935 000**	**3 092 389**

(in CHF 1 000)	Carrying value 01.01.23	Issue	Amortisation of issuer costs	Repay-ment	Carrying value 31.12.23
Financial liabilities	1 145 000	525 000	n.a.	– 290 000	1 380 000
Bonds and notes	1 940 508	678 733	– 221	– 540 000	2 079 020
Lease liabilities	6 881	114	– 182	0	6 813
Total interest-bearing debt	**3 092 389**	**1 203 847**	**– 403**	**– 830 000**	**3 465 833**

During the reporting period, fixed advances totalling CHF 525 million were drawn and CHF 290 million repaid under existing credit lines. In the same period, three notes with a total nominal value of CHF 180 million with maturities of three to nine months were issued.

Two of these notes, with a nominal value of CHF 130 million were already repaid in the reporting period. Furthermore, three bonds with a nominal value of CHF 500 million were issued and one bond with a nominal value of CHF 300 million was repaid in the reporting period.

At the end of 2023 (as in the previous year), no financial liabilities, bonds or notes were outstanding which were secured by mortgages on properties, and no financial liabilities or bonds were outstanding with an amortisation obligation.

At the end of the reporting period, PSP Swiss Property had unused credit lines of CHF 1.13 billion (end of 2022: CHF 910 million), of which CHF 825 million were committed credit lines (end of 2022: CHF 610 million).

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

The lease liabilities relate exclusively to obligations in connection with land lease agreements. As at the end of 2023, the contracts have terms from 2046 to 2072. All contracts are renewable and linked to the national consumer price index. The weighted average interest rate on lease liabilities is 1.03% (previous year: 1.03%).

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

(in CHF 1 000)	**31 December 2022**	**31 December 2023**
< 6 months	204 989	350 044
6 to 12 months	349 697	200 000
1 to 5 years	1 331 591	1 729 610
> 5 years	1 206 111	1 186 179
Total interest-bearing debt	**3 092 389**	**3 465 833**

At the end of 2023, the average fixed interest rate period of all debt was 3.9 years (end of 2022: 4.1 years).

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

At 31 December 2023	Nominal value in CHF 1 000	Price in %	Fair value in CHF 1 000	Effective interest rate in %
0.500% bond, maturing 16.02.24, Valor: 30725643	300 000	99.8	299 454	0.37
1.000% bond, maturing 06.02.25, Valor: 26288145	150 000	99.2	148 848	0.75
0.375% bond, maturing 29.04.26, Valor: 31940377	200 000	97.4	194 890	0.42
2.000% bond, maturing 01.07.26, Valor: 123210716	150 000	101.0	151 484	2.13
1.800% bond, maturing 11.12.26, Valor: 130591683	150 000	100.7	151 082	1.85
0.700% bond, maturing 08.02.27, Valor: 39863380	180 000	97.4	175 327	0.62
0.550% bond, maturing 04.02.28, Valor: 41904122	150 000	95.8	143 769	0.55
2.250% bond, maturing 02.10.28, Valor: 123946481	200 000	102.7	205 356	2.30
0.150% bond, maturing 02.02.29, Valor: 46123906	150 000	92.7	139 091	0.18
0.000% bond, maturing 06.02.30, Valor: 48850666	100 000	90.5	90 485	0.01
0.200% bond, maturing 04.02.31, Valor: 50607136	200 000	89.8	179 676	0.22
0.160% bond, maturing 16.09.31, Valor: 515152475	100 000	88.9	88 932	0.18

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

Further details on the existing bonds and cash certificates can be found in the individual financial statements of the holding company PSP Swiss Property Ltd on pages 142.

7 Taxes

Income tax expenses

(in CHF 1 000)	2022	2023
Current income taxes of reporting period	37 341	21 594
Adjustments for current income taxes relating to other periods	– 212	2 926
Total current income taxes	**37 130**	**24 519**
Deferred income taxes from change in temporary net changes in fair value of investment properties	39 313	– 116 701
Deferred income taxes from changes in tax rates	– 2 766	– 3 072
Deferred income taxes from change in temporary net changes in fair value of other balance sheet positions	– 285	48
Reassessment STAF Step-up	867	867
Total deferred income taxes	**37 129**	**– 118 859**
Total income taxes	**74 259**	**– 94 340**

Reconciliation to tax expenses:

(in CHF 1 000)	2022	2023
Operating profit before taxes	404 219	113 255
Reference tax rate	17.7%	17.7%
Income taxes at reference tax rate	**71 414**	**20 087**
Changes in tax rates on temporary valuation differences	– 2 766	– 3 072
Adjustments for current income taxes relating to other periods	– 212	2 926
Changes in temporary valuation differences	0	– 106 894
Local tax rates differing from the reference tax rate	4 956	– 8 254
Reassessment STAF Step-up	867	867
Total income tax expenses	**74 259**	**– 94 340**

Deferred tax liabilities from the valuation differences of the properties are based for cantons with a dualistic system on the income taxes accruing at the time of a theoretical sale. For cantons with a monistic system, a separate property gains tax is also incurred.

For the calculation of this property gains tax included in the deferred taxes on real estate, the fair value 20 years ago is used in the relevant cantons. If there is no reliable fair value from an independent valuation expert from 20 years ago at the balance sheet date or if the effective acquisition costs 20 years ago are higher than the fair value 20 years ago, the effective acquisition costs are used as the basis for calculation.

In the reporting period, reliable fair values of an independent valuation expert from 20 years ago were available for the first time. The application of these fair values resulted in a release of deferred taxes of approximately CHF 106.9 million (previous year's period: CHF 0.0 million).

The reference tax rate is a mixed rate. It takes into account the fact that profits subject to cantonal and municipal tax are currently subject to an average tax rate of 17.7% (including direct federal tax) (2022: 17.7%). The actual tax rate, without the resolution above, in the reporting period was 11.1% (2022: 18.4%).

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

(in CHF 1 000)	2022	2023
Taxes from change in interest rate hedging	– 2 175	964
Taxes from staff pension scheme liabilities	– 770	573
Total income tax expenses (directly reported in the comprehensive income)	**– 2 945**	**1 537**

Deferred tax assets and liabilities

31 December 2022 (in CHF 1 000)	Assets	Liability	Net amount
From derivative financial instruments	117	– 1 630	– 1 514
From lease liabilities / right-of-use assets	953	– 953	0
From reassessment STAF Step-up	1 734	0	1 734
From pension liabilities	1 098	0	1 098
From positive net changes in fair value of properties	0	– 1 069 376	– 1 069 376
From contracts with customers	0	– 81	– 81
Total	**3 901**	**– 1 072 041**	**– 1 068 139**
There of netted in the balance sheet	– 1 070	1 070	
Deferred taxes as reported in the balance sheet	**2 831**	**– 1 070 971**	**– 1 068 139**

31 December 2023 (in CHF 1 000)	Assets	Liability	Net amount
From derivative financial instruments	201	– 750	– 549
From lease liabilities / right-of-use assets	953	– 953	0
From reassessment STAF Step-up	867	0	867
From pension liabilities	1 542	0	1 542
From positive net changes in fair value of properties	0	– 949 603	– 949 603
From contracts with customers	0	0	0
Total	**3 563**	**– 951 306**	**– 947 743**
There of netted in the balance sheet	– 1 154	1 154	
Deferred taxes as reported in the balance sheet	**2 409**	**– 950 152**	**– 947 743**

Net deferred tax liabilities (in CHF 1 000)	2022	2023
Carrying value at 1 January	1 028 065	1 068 139
Deferred taxes booked to statement of profit or loss	37 129	– 118 859
Deferred taxes booked to shareholders’ equity	2 945	– 1 537
Carrying value at 31 December	**1 068 139**	**947 743**

As a result of applying the property gains tax rates which theoretically were due if all properties had been sold as at 31 December 2023, tax liabilities would (compared to the reported deferred tax liabilities) increase by approximately CHF 28 million (end of 2022: approximately CHF 32 million).

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

Expiration of tax assets (in CHF 1 000)	**31 December 2022**	**31 December 2023**
< 1 year	867	867
> 1 year	1 965	1 542
Total	**2 831**	**2 409**

Expiration of tax liabilities (in CHF 1 000)	**31 December 2022**	**31 December 2023**
< 1 year	2 382	1 965
> 1 year	1 068 589	948 188
Total	**1 070 971**	**950 152**

8 Personnel expenses

(in CHF 1 000)	**2022**	**2023**
Wages and salaries	16 591	17 460
Social security expenses	1 318	1 534
Expenses for staff pension schemes	2 046	994
Other expenses	435	616
Total personnel expenses	**20 390**	**20 604**
Employees at end of period (people)	100	101
Equal full-time employees (FTE)	91	90

9 Pension liabilities

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

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

(in CHF 1 000)	31 December 2022	31 December 2023
Pension liabilities (present value)	49 352	55 329
Pension assets at fair value	– 43 863	– 47 617
Pension liabilities (technical deficit)	**5 489**	**7 712**

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

(in CHF 1 000)	2022	2023
Carrying value 1 January	8 821	5 489
Expenses for staff pension schemes debited to the income statement	2 281	1 246
Employer contributions	– 1 762	– 1 887
Actuarial gains/losses on OCI	– 3 851	2 864
Carrying value at 31 December	**5 489**	**7 712**

10 Share capital

	Number of registered shares in units	Nominal value per registered share in CHF	Total nominal value in CHF 1 000
Issued, fully paid-in share capital			
31. December 2021	45 867 891	0.10	4 587
31. December 2022	45 867 891	0.10	4 587
31. December 2023	45 867 891	0.10	4 587

In the reporting period, a total of 15 097 own shares were purchased at an average price of CHF 107.59 or a total of CHF 1.62 million. 15 097 own shares were used as compensation in own shares at an average price of CHF 109.00 or a total of CHF 1.65 million (previous year's period: 17 345 own shares purchased at an average price of CHF 113.69 and 17 345 own shares used as compensation in own shares at an average price of CHF 109.68).

Further details on changes in shareholders' equity can be found in the consolidated statement of shareholders' equity on page 60.

11 Revaluation reserves

The item revaluation reserves includes in particular the change in value (after tax) of derivative financial instruments held for cash flow hedging purposes, the actuarial gains and losses of the pension fund in accordance with IAS 19 and revaluations in connection with changes in the use of real estate as defined in IAS 40, paragraph 61.

Revaluation reserves were made up as follows:

(in CHF 1 000)	Real estate appreciation due to change of use	Interest rate hedging	Pension liabilities	Total
1 January 2022	**9 612**	**– 5 556**	**– 998**	**3 058**
Changes current year	0	20 501	3 851	24 352
Income taxes	0	– 2 175	– 770	– 2 945
31 December 2022	**9 612**	**12 770**	**2 082**	**24 464**
Changes current year	0	– 9 648	– 2 864	– 12 512
Income taxes	0	964	573	1 537
31 December 2023	**9 612**	**4 086**	**– 209**	**13 489**

12 Fair value hierarchy

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

The following table shows the fair values of these positions recognised in the balance sheet:

Assets (in CHF 1 000)	**Level 1**	**Level 2**	**Level 3**	**Fair value 31 December 2022**
Investment properties (IAS 40 & IFRS 5)	0	0	9 359 201	9 359 201
Financial investments	0	0	9	9
Derivative financial instruments (hedging)	0	15 384	0	15 384
Total financial assets	**0**	**15 384**	**9 359 210**	**9 374 594**

Liabilities (in CHF 1 000)				
Derivative financial instruments (hedging)	0	1 101	0	1 101
Total financial liabilities	**0**	**1 101**	**0**	**1 101**

Assets (in CHF 1 000)	**Level 1**	**Level 2**	**Level 3**	**Fair value 31 December 2023**
Investment properties (IAS 40 & IFRS 5)	0	0	9 540 443	9 540 443
Financial investments	0	0	9	9
Derivative financial instruments (hedging)	0	6 328	0	6 328
Total financial assets	**0**	**6 328**	**9 540 452**	**9 546 780**

Liabilities (in CHF 1 000)				
Derivative financial instruments (hedging)	0	1 693	0	1 693
Total financial liabilities	**0**	**1 693**	**0**	**1 693**

During the reporting period, no positions were transferred in between the fair value levels (2022: none).

Financial instruments according to categories

The carrying values and the fair value of all recorded financial instruments are listed in the following table. It is assumed that the amortised cost of financial assets and financial liabilities with a remaining term of less than one year approximates fair value.

	31 December 2022		31 December 2023	
Financial assets (in CHF 1 000)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Accounts receivable at amortised cost	17 213	17 213	18 947	18 947
Financial investments at fair value through comprehensive income	9	9	9	9
Derivative financial instruments (hedging)	15 384	15 384	6 328	6 328
Cash and cash equivalents	20 741	20 741	141 678	141 678
Financial liabilities (in CHF 1 000)				
Financial liabilities at amortised cost	1 145 000	1 054 146	1 386 813	1 352 037
Bonds and notes at amortised cost	1 940 508	1 792 304	2 079 020	2 018 406
Accounts payable at amortised cost[1]	4 255	4 255	5 261	5 261
Derivative financial instruments (hedging)	1 101	1 101	1 693	1 693

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

13 Netting agreements

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

As at 31 December 2022

(in CHF 1 000)	Gross amount	Amount recorded in the balance sheet	Net amount reported in the balance sheet	Netting options in case of a default of the counterparty	Net amount in case of a default of the counterparty
Financial instruments positive					
Cash and cash equivalents	20 741	0	20 741	– 18 915	1 826
Derivative financial instruments (positive)	15 384	0	15 384	– 637	14 747
Total	**36 126**	**0**	**36 126**	**– 19 552**	**16 574**
Financial instruments negative					
Financial liabilities	1 145 000	0	1 145 000	– 31 152	1 113 848
Derivative financial instruments (negative)	1 101	0	1 101	0	1 101
Total	**1 146 101**	**0**	**1 146 101**	**– 31 152**	**1 114 949**

As at 31 December 2023

(in CHF 1 000)	Gross amount	Amount recorded in the balance sheet	Net amount reported in the balance sheet	Netting options in case of a default of the counterparty	Net amount in case of a default of the counterparty
Financial instruments positive					
Cash and cash equivalents	141 678	0	141 678	– 139 418	2 260
Derivative financial instruments (positive)	6 328	0	6 328	– 5 449	880
Total	**148 006**	**0**	**148 006**	**– 144 866**	**3 140**
Financial instruments negative					
Financial liabilities	1 380 000	0	1 380 000	– 143 580	1 236 420
Derivative financial instruments (negative)	1 693	0	1 693	– 1 286	407
Total	**1 381 693**	**0**	**1 381 693**	**– 144 866**	**1 236 827**

14 Future cash flows from accounts payable

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

(in CHF 1 000)	Carrying value 31.12.22	< 6 months Inter-est	< 6 months Repay-ment	6 to 12 months Inter-est	6 to 12 months Repay-ment	1 to 5 years Inter-est	1 to 5 years Repay-ment	> 5 years Inter-est	> 5 years Repay-ment
Financial liabilities	1 145 000	1 426	30 000	1 055	0	6 875	715 000	1 723	400 000
Bonds and notes	1 940 508	6 739	110 000	160	300 000	19 840	980 000	1 905	550 000
Leasing liabilities	6 881	35	90	35	90	263	740	1 161	5 960
Derivative financial instruments	– 14 284	407	0	622	0	3 072	0	0	0
Accounts payable[1]	13 424	0	13 424	0	0	0	0	0	0
Total	**3 091 529**	**8 607**	**153 514**	**1 872**	**300 090**	**30 051**	**1 695 740**	**4 788**	**955 960**

(in CHF 1 000)	Carrying value 31.12.23	< 6 months Inter-est	< 6 months Repay-ment	6 to 12 months Inter-est	6 to 12 months Repay-ment	1 to 5 years Inter-est	1 to 5 years Repay-ment	> 5 years Inter-est	> 5 years Repay-ment
Financial liabilities	1 380 000	5 384	0	4 739	200 000	34 225	800 000	3 906	380 000
Bonds and notes	2 079 020	6 998	350 000	10 360	0	43 405	1 330 000	1 120	400 000
Leasing liabilities	6 813	35	92	35	92	322	947	1 067	5 682
Derivative financial instruments	– 4 636	540	0	894	0	5 347	0	0	0
Accounts payable[1]	5 261	0	5 261	0	0	0	0	0	0
Total	**3 466 458**	**12 956**	**355 353**	**16 028**	**200 092**	**83 299**	**2 130 947**	**6 093**	**785 682**

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

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

At the end of 2023, the average weighted duration of the loan agreements was 4.7 years (end of 2022: 4.1 years).

15 Key performance figures and earnings per share

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

(in CHF 1 000)	**2022**	**2023**
Operating profit (Ebit)	415 778	136 140
Depreciation	1 295	1 191
Net changes in fair value of real estate investments	– 124 886	161 261
Net income from other property sales	1 635	– 850
Net income excl. gains/losses on real estate investments	**293 822**	**297 742**

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

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

The annual proposal for dividend distribution is prepared on the basis of "Net income excl. gains/losses on real estate investments".

	2022	2023
Net income in CHF 1 000	**329 960**	**207 595**
Net changes in fair value of real estate investments in CHF 1 000	– 124 886	161 261
Net income from other property sales in CHF 1 000	1 635	– 850
Attributable taxes from net changes in fair value of real estate investments in CHF 1 000	29 288	– 28 901
Attributable taxes from Income from other property sales in CHF 1 000	– 283	109
Net income excl. gains/losses on real estate investments in CHF 1 000	**235 714**	**339 213**
Number of average outstanding shares	45 867 891	45 867 891
Earnings per share in CHF (basic and diluted)	**7.19**	**4.53**
Earnings per share excl. gains/losses on real estate investments in CHF (basic and diluted)	**5.14**	**7.40**

The following table shows the equity per share:

	31 December 2022	31 December 2023
Shareholders’ equity in CHF 1 000	5 198 379	5 220 722
Deferred taxes in CHF 1 000	1 068 139	947 743
Number of outstanding shares	45 867 891	45 867 891
Net asset value per share in CHF[1]	**113.33**	**113.82**
Net asset value per share before deduction of deferred taxes in CHF[1]	**136.62**	**134.48**

1 Based on number of outstanding shares.

16 Dividend payment

Based on the resolution of the Annual General Meeting on 5 April 2023, a payment of an ordinary dividend of CHF 3.80 gross per share or totalling CHF 174.3 million was made on 13 April 2023 (previous year: CHF 3.75 gross per share or totalling CHF 172.0 million).

For the business year 2023, the Board of Directors will propose a dividend payment from retained earnings of CHF 3.85 gross per share respectively a maximum of CHF 176.6 million to the Annual General Meeting on 4 April 2024. Treasury shares are not entitled to dividends, therefore, the total amount for dividend payments may deviate from these figures.

17 Related parties

Related parties are the Board of Directors and related companies closely associated with it as well as the Executive Board.

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

	Executive Board		Board of Directors	
(in CHF 1 000)	2022	2023	2022	2023
Fixed compensation in cash	1 305	1 305	660	586
Performance-based compensation in cash	484	592	0	0
Performance-based compensation in shares	1 646	1 959	0	0
Other benefits	0	0	0	0
Employer contributions pension benefits	291	294	39	34
Total	**3 726**	**4 150**	**699**	**620**

In the previous year, legal consulting fees of 0.014 million were paid to lawyers from the law firm Niederer Kraft Frey Ltd, Zurich, in which Mr Forstmoser is a partner, until Prof. Dr Peter Forstmoser left the company's Board of Directors on 31 March 2022. No legal advisory fees were paid to Prof Dr Forstmoser himself.

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

In the 2023 business year, as in the previous year, no further disclosable compensations were paid directly or indirectly to present or past members of the Board of Directors or the Executive Board respectively their related parties.

As at the end of 2022, the members of the Board of Directors (including their related parties) held no options on PSP shares at the end of 2023. As at the end of 2022, the members of the Executive Board (including their related parties) held no options on PSP shares at the end of 2023.

As in the previous year, passed 2023:

- No loans to members of the Board of Directors, the Executive Board or related parties.
- No corresponding receivables from this group of persons.
- No receivables from related parties.

18 Subsequent events

On 16 February 2024, a 1.7% bond (green bond, all-in 1.723%) with a volume of CHF 100 million and a maturity in February 2030 was issued.

There were no further material subsequent events.

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To the General Meeting of
PSP Swiss Property Ltd, Zug

Zurich, 26 February 2024

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of PSP Swiss Property Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated cash flows statement and the consolidated statement of shareholders' equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 54 to 107 and 314 to 333) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with the provisions of article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

Valuation of investment properties and sites and development properties

Risk	Valuation of investment properties and sites and development properties was important for our audit as the valuation process contains material estimates and the respective properties with a carrying amount of CHF 9.5 billion represent the most significant position within the consolidated financial statements of the group. As disclosed in note 5 Real Estate as well as in section 2.3 Critical estimates and assumptions of the consolidated financial statements, the fair values were derived by an external appraiser based on a discounted cash flow method. These appraisals are based on various assumptions, particularly with regard to market rents, discount factors, vacancy rates as well as maintenance and renovation expenses.
Our audit response	Among other audit procedures we assessed the objectivity, independence and competence of the external appraiser and we evaluated the valuation model used. Additionally, we verified on a sample basis the accuracy of selected property specific input data (rental income and maintenance expenses), which were used in the valuation. We assessed for a sample of properties the key assumptions used in the valuation (discount rate, structural and specific vacancy rates as well as maintenance and repair costs). We performed benchmarking analysis to validate discount rate assumptions and held discussions with the management and the external appraiser. Our audit procedures did not lead to any reservations concerning the valuation of investment properties and sites and development properties.

Deferred tax liabilities relating to property valuation differences

Risk	Deferred tax liabilities relating to property valuation differences were important for our audit as the process contains material estimates and as the deferred tax liabilities with CHF 950 million represent a significant position within the consolidated financial statements of the group. As disclosed in section 2.6 Accounting and valuation principles of the consolidated financial statements, deferred tax liabilities are calculated using the balance sheet liability method. Deferred tax assets and liabilities are measured on the basis of tax rates (federal, cantonal and communal) which are expected to be applicable at the time a deferred tax asset is realised or a deferred tax liability is released. This method is based on estimates especially related to the applicable tax rates and the expected holding period of the properties.

Our audit response	Among other audit procedures, we validated management's assumptions relating to the estimated holding period and compared the tax rates used for income (federal, cantonal and communal) and property gains tax purposes with the currently applicable tax rates. Furthermore, we re-performed the calculation of changes in value and the classification of gains as either capital gains or depreciation recapture. Our audit procedures did not lead to any reservations concerning deferred tax liabilities relating to property valuation differences.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the pages 152 to 157 in the compensation report and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Daniel Zaugg Licensed audit expert (Auditor in charge)	Gianantonio Zanetti Licensed audit expert

Wüest Partner AG, Bleicherweg 5, 8001 Zurich

PSP Swiss Property Ltd
Executive Board
Kolinplatz 2
6300 Zug

Zurich, 1 February 2024

Independent valuer's report

To the Executive Board of PSP Swiss Property Ltd

Reference Number
102255.2341

Commission
Wüest Partner AG (Wüest Partner) was commissioned by the Executive Board of PSP Swiss Property Ltd (PSP Swiss Property) to perform a valuation for accounting purposes of the properties and property units held by PSP Swiss Property as of 31 December 2023 (reporting date). The valuation encompasses all investment properties as well as sites and development properties.

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

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

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

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

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Regulated by RICS

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

Transaction costs, gross fair value

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

Principal market, active and most advantageous market

Implementation of fair value

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

Highest and best use

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

Significance in relation to the highest and best use approach

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

Fair value hierarchy

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

Valuation level for property valuations

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

Significant input factors, influence on fair value

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

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

Valuation procedures

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

Valuation method

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

Basis of valuation

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

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

Within the review period from the 1 January 2023 to the 31 December 2023, Wüest Partner inspected 36 properties belonging to PSP Real Estate AG, 9 properties belonging to PSP Properties AG and 2 properties belonging to Immobiliengesellschaft Septima AG.

Results
A total of 161[1] investment properties and property units as well as 6 investment properties under construction were valued as of the 31 December 2023 by Wüest Partner. As of the 31 December 2023 the fair value of all 161 investment properties is estimated at 9,002,840,000 Swiss Francs and of the 6 investment properties under construction in accordance with IAS 40 at 530,790,000 Swiss Francs.

Change in value within the reporting period (like-for-like)[2]
As at the reporting date of 31 December 2023, the fair value of the investment properties already valued on the balance sheet date of 31 December 2022 («like-for-like») amounts to 8,171,200,000 Swiss Francs. Compared to the balance sheet date 31 December 2022, this corresponds to a gross change in value (before deduction of investments made in the period) of approximately -1.8% and net (after deduction of investments made in the period) of approximately -2.4%.

Changes during reporting period
During the reporting period from the 1 January 2023 to the 31 December 2023 one property was purchased and classified to the investment properties:

— Zurich, Pfingstweidstrasse 60/60b.

During the reporting period one property was sold from the investment properties:

— Interlaken, Bahnhofstrasse 23.

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

— Zurich, Theaterstrasse 12;
— Zurich, Flüelastrasse 7;
— Basel, Hochstrasse 16 / Pfeffingerstrasse 5;
— Basel, Grosspeterstrasse 24;
— Lausanne, Place St-François 15.

1 Excluding the property Seestrasse 353 in Zurich, which is owner-occupied.
2 This information is to be understood independently of the effective IFRS accounting of PSP.

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

— Basel, Grosspeterstrasse 18 / Grosspeteranlage 11;
— Zurich, Förrlibuckstrasse 151 (Parking);
— Zurich, Bahnhofplatz 2 (reclassification and consolidation with Bahnhofplatz 1/ Bahnhofquai 9,11,15);
— Zurich, Grubenstrasse 6 / 8;
— Zurich, Limmatquai 4;
— Genève, Rue de la Corraterie 5, 7 / Rue de la Cité 6.

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

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

Zurich, 1 February 2024
Wüest Partner AG

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

Moritz Menges
Chartered Surveyor MRICS | Diplom-Wirtschaftsingenieur | Partner

Annex: Valuation assumptions

Investment properties
For the valuation of the 161 properties, the following ranges of nominal discount rates were applied:

Table 1 *Region*	*Minimum discount rate in %*	*Maximum discount rate in %*	*Average discount rate (weighted average*) in %*
Zurich	*3.12*	*5.45*	*3.76*
Geneva	*3.12*	*5.81*	*3.74*
Lausanne	*3.48*	*5.30*	*4.26*
Basel	*3.38*	*4.54*	*4.14*
Bern	*3.43*	*5.30*	*3.97*
Other regions	*3.68*	*5.20*	*4.59*
All regions	*3.12*	*5.81*	*3.85*

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

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

Table 2 *Region*	*Office CHF / m² p.a.*	*Retail CHF / m² p.a.*	*Storage CHF / m² p.a.*	*Outdoor parking CHF / p.mo.*	*Indoor parking CHF / p.mo.*	*Residential CHF / m² p.a.*
Zurich	*120 - 900*	*150 - 6'000*	*24 - 650*	*35 - 560*	*35 - 750*	*158 - 918*
Geneva	*200 - 810*	*275 - 4'000*	*100 - 600*	*60 - 450*	*100 - 490*	*350 - 573*
Lausanne	*150 - 390*	*110 - 1'500*	*80 - 300*	*67 - 300*	*150 - 360*	*127 - 388*
Basel	*190 - 360*	*95 - 2'000*	*80 - 700*	*70 - 300*	*50 - 300*	*177 - 385*
Bern	*100 - 490*	*35 - 1'250*	*30 - 185*	*55 - 180*	*140 - 250*	*170 - 495*
Other regions	*140 - 420*	*150 – 1'580*	*60 - 250*	*35 - 200*	*40 – 440*	*192 - 383*
All regions	*100 - 900*	*35 - 6'000*	*24 - 700*	*35 - 560*	*35 - 750*	*127 – 918*

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

Table 3 *Region*	*Office in %*	*Retail in %*	*Storage in %*	*Outdoor parking in %*	*Indoor parking in %*	*Residential in %*
Zurich	*2.5 - 10.0*	*2.5 - 30.0*	*2.5 - 30.0*	*1.0 - 25.0*	*1.5 - 30.0*	*1.0 - 15.0*
Geneva	*3.0 – 6.0*	*3.0 - 6.0*	*2.0 - 10.0*	*3.0 - 6.0*	*5.0 - 25.0*	*1.0 - 1.0*
Lausanne	*4.0 - 9.0*	*4.0 - 8.5*	*4.0 - 15.0*	*5.0 - 10.0*	*2.0 - 20.0*	*3.0 - 4.0*
Basel	*3.0 – 6.5*	*3.0 - 5.0*	*3.0 - 20.0*	*1.0 - 20.0*	*2.0 - 6.0*	*2.0 - 5.0*
Bern	*2.5 - 7.0*	*4.0 - 10.0*	*3.0 - 15.0*	*1.0 - 15.0*	*1.0 - 10.0*	*1.5 - 3.0*
Other regions	*4.0 - 15.0*	*3.0 - 20.0*	*3.5 - 30.0*	*1.0 - 25.0*	*1.0 – 30.0*	*1.0 - 8.0*
All regions	*2.5 - 15.0*	*2.5 - 30.0*	*2.0 - 30.0*	*1.0 - 25.0*	*1.0 - 30.0*	*1.0 - 15.0*

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

- The valuation is based on PSP Swiss Property's rent roll as of the 1 January 2024.
- The DCF model used corresponds to a two-phase model. The valuation period extends from the valuation date to the end of the reporting period with an implicit residual value in the eleventh period.
- The discount rate is based on a risk-adjusted interest rate. The respective rate is determined individually for each property by using corresponding comparative values from freehand transactions. It is calculated as follows: Risk-free interest rate + real estate risk (immobility of capital) + surcharge macrolocation + surcharge microlocation depending on use + surcharge property quality and income risk + any specific surcharges or discounts. Depending on the property, use and location, the nominal discount rates range between 3.12 percent and 5.81 percent (see Table 1).
- Unless otherwise specified, the valuations assume an annual inflation rate of 1.25 percent, both for earnings and for all expenses. The discount rate is adjusted accordingly in nominal terms.
- Credit risks of the respective tenants are not explicitly taken into account in the valuation.
- Specific indexations of existing leases are taken into account on an individual basis. Once the contracts have expired, a degree of indexation of 100 percent is assumed.
- In the case of existing leases, the individual payments are scheduled in accordance with the terms of the contract. Once the contracts have expired, the cash flows are taken into account quarterly in advance for business use and monthly in advance for residential use.
- As far as operating costs are concerned, it was assumed that completely separate ancillary cost accounts are kept, and that tenants' ancillary costs are outsourced accordingly.
- The maintenance costs (repair and maintenance costs) were calculated using a building analysis tool. Based on a status analysis of the individual components, the remaining service life is determined, the periodic renewal modelled, and the annual annuities calculated. The calculated values are checked for plausibility using the cost benchmarks collected by Wüest Partner.

Sites and development properties

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

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

Valuation of investment properties: Discount rates

Discount rates in % (Fair value in CHF 1 000)	Zurich area		Geneva area		Basel area	
	Number of properties	Fair value	Number of properties	Fair value	Number of properties	Fair value
3.00–3.24	5	786 760	2	119 010	0	0
3.25–3.49	18	1 288 190	5	409 540	1	30 000
3.50–3.74	14	1 165 460	6	304 510	1	15 560
3.75–3.99	16	640 800	5	390 250	5	189 730
4.00–4.24	9	801 750	1	93 320	3	97 300
4.25–4.49	8	668 250	2	97 700	3	271 930
4.50–4.74	1	92 780	0	0	1	41 640
4.75–4.99	1	54 850	0	0	0	0
5.00–5.24	1	5 530	0	0	0	0
5.25–5.49	4	98 690	0	0	0	0
5.50–5.74	1	16 170	0	0	0	0
5.75–5.99	0	0	1	39 460	0	0
Total	**78**	**5 619 230**	**22**	**1 453 790**	**14**	**646 160**

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

As at the end of 2023, the weighted average discount rate for the entire portfolio was 3.85% in nominal terms; this includes an inflation rate of 1.25% (end of 2022: 3.48%; inflation rate 1.0%).

	Bern area		Lausanne area		Other areas		All investment properties	
	Number of properties	**Fair value**	**Number of properties**	**Fair value**	**Number of properties**	**Fair value**	**Number of properties**	**Fair value**
	0	0	0	0	0	0	7	905 770
	4	95 160	1	17 380	0	0	29	1 840 270
	2	84 850	3	115 860	2	19 540	28	1 705 780
	4	156 400	1	6 760	1	17 880	32	1 401 820
	1	49 600	1	37 790	1	12 590	16	1 092 350
	2	129 780	2	21 480	5	185 540	22	1 374 680
	3	45 740	1	15 080	3	33 230	9	228 470
	0	0	2	69 830	2	17 410	5	142 090
	0	0	2	17 320	2	106 220	5	129 070
	1	14 550	1	13 670	0	0	6	126 910
	0	0	0	0	0	0	1	16 170
	0	0	0	0	0	0	1	39 460
	17	**576 080**	**14**	**315 170**	**16**	**392 410**	**161**	**9 002 840**

EPRA reporting

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

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

PSP Swiss Property has been a member of EPRA since 2001 and started to disclose EPRA performance figures in 2010. Since year 2015, the figures have been audited by independent auditors. The report on the figures for this year can be found on pages 132 to 133.

The disclosure is based on the Best Practices Recommendations Guidelines published in February 2022.

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

EPRA Performance Measures

Summary table EPRA performance measures

Measure	Definition	Purpose	2022	2023
1 EPRA EARN- INGS	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	CHF 4.66	CHF 7.17
2 EPRA NAV METRICS	EPRA Net Reinstatement Value: Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stake-holders with the most relevant informa-tion on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	CHF 139.42	CHF 137.10
	EPRA Net Tangible Assets: Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.		CHF 136.97	CHF 134.75
	EPRA Net Disposal Value: Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.		CHF 118.55	CHF 115.94
3 (i) EPRA NET INITIAL YIELD (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	3.1%	3.2%
(ii) EPRA "TOPPED-UP" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		3.1%	3.3%
4 EPRA VACANCY RATE	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	3.2%	3.8%
5 EPRA COST RATIOS	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	17.9%	16.6%
	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.		16.7%	15.6%
6 EPRA LTV	Debt divided by market value of the property.	A key (shareholder-gearing) metric to determine the percentage of debt comparing to the appraised value of the properties.	33.5%	35.7%

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

1 EPRA earnings & EPRA earnings per share (EPS)

(in CHF 1 000)	2022	2023
Earnings per IFRS statement of profit or loss	**329 960**	**207 595**
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	– 124 886	161 261
Profits or losses on disposal of investment properties, development properties held for investment and other interests	447	– 910
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	– 25 181	– 14 012
Tax on profits or losses on disposals	3 357	3 061
Negative goodwill / goodwill impairment	n.a.	n.a.
Changes in fair value of financial instruments and associated close-out costs	n.a.	n.a.
Acquisition costs on share deals and non-controlling joint venture interests	n.a.	n.a.
Deferred tax in respect of EPRA adjustments	30 155	– 28 034
Adjustments to above in respect of joint ventures	n.a.	n.a.
Non-controlling interests in respect of the above	n.a.	n.a.
EPRA Earnings	**213 852**	**328 960**
Basic number of shares	45 867 891	45 867 891
EPRA Earnings per Share (EPS) in CHF	**4.66**	**7.17**

2 EPRA Net Asset Value metrics

	31 December 2022			31 December 2023		
(in CHF 1 000)	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**
IFRS Equity attributable to shareholders	**5 198 379**	**5 198 379**	**5 198 379**	**5 220 722**	**5 220 722**	**5 220 722**
Include/Exclude:						
Hybrid instruments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Diluted NAV	**5 198 379**	**5 198 379**	**5 198 379**	**5 220 722**	**5 220 722**	**5 220 722**
Include:						
Revaluation of IP (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of other non-current investments[1]	9 294	9 294	9 294	10 912	10 912	10 912
Revaluation of tenant leases held as finance leases	0	0	0	0	0	0
Revaluation of trading properties[1]	16 188	16 188	16 188	1 196	1 196	1 196
Diluted NAV at Fair Value	**5 223 861**	**5 223 861**	**5 223 861**	**5 232 830**	**5 232 830**	**5 232 830**
Exclude:						
Deferred tax in relation to fair value gains of IP[2]	1 076 268	1 073 164		953 088	952 821	
Fair value of financial instruments	– 14 284	– 14 284		– 4 636	– 4 636	
Goodwill as result of deferred tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Goodwill as per the IFRS balance sheet		n.a.	n.a.		n.a.	n.a.
Intangibles as per the IFRS balance sheet		– 296			– 189	
Include:						
Fair value of fixed interest rate debt[3]			213 636			85 245
Revaluation of intangibles to fair value	0			0		
Real estate transfer tax	108 933	0		107 337	0	
NAV	**6 394 778**	**6 282 444**	**5 437 496**	**6 288 619**	**6 180 826**	**5 318 075**
Fully diluted number of shares	45 867 891	45 867 891	45 867 891	45 867 891	45 867 891	45 867 891
NAV per Share	**139.42**	**136.97**	**118.55**	**137.10**	**134.75**	**115.94**

1 Based on the valuation of the external appraiser, shown net after deduction of deferred taxes.
2 For adding back the deferred taxes option 1 was used: The entire investment portfolio is generally intended to be held long-term and the trading properties will be sold short-term.
3 Shown net after deduction of deferred taxes.

Additional deferred tax disclosure

	31 December 2022			31 December 2023		
	Fair Value	**as % of total portfolio**	**% of deferred tax excluded**	**Fair Value**	**as % of total portfolio**	**% of deferred tax excluded**
Portfolio that is subject to deferred tax and intention is to hold and not to sell in the long run	9 407 181	100%	100%	9 591 283	100%	100%
Portfolio that is subject to partial deferred tax and to tax structuring	0	0%	0%	0	0%	0%

3 EPRA net initial yield and EPRA "topped-up" NYI

(in CHF 1 000)	31 December 2022	31 December 2023
Investment property – wholly owned	9 359 201	9 540 443
Investment property – share of JVs/Funds	n.a.	n.a.
Trading property (including share of JVs)	25 442	29 792
Less developments	– 534 382	– 560 582
Completed property portfolio	8 850 261	9 009 653
Allowance for estimated purchasers' costs	n.a.	n.a.
Gross up completed property portfolio valuation (B)	**8 850 261**	**9 009 653**
Annualised cash passing rental income	311 147	328 748
Property outgoings	– 40 937	– 39 802
Annualised net rents (A)	**270 210**	**288 946**
Add: notional rent expiration of rent free periods or other lease incentives[1]	8 490	6 678
Topped-up net annualised rent (C)	**278 699**	**295 624**
EPRA NIY (A/B)	**3.1%**	**3.2%**
EPRA "topped-up" NIY (C/B)	**3.1%**	**3.3%**

1 The weighted average rent-free period for the reporting period is 2.9 months (2022: 3.2 months).

4 EPRA vacancy rate

(in CHF 1 000)	31 December 2022	31 December 2023
Estimated rental value of vacant space (A)	10 261	12 656
Estimated rental value of the whole portfolio (B)	322 550	336 923
EPRA vacancy rate (A/B)	**3.2%**	**3.8%**

5 EPRA cost ratios

(in CHF 1 000)	2022	2023
Administrative/operating expense line per IFRS income statement	56 411	55 209
Net service charge costs/fees	0	0
Management fees less actual/estimated profit element	37	26
Other operating income/recharges intended to cover overhead expenses less any related profits	0	0
Share of Joint Ventures expenses	0	0
Exclude (if part of the above):		
Investment property depreciation	0	0
Ground rent costs	0	0
Costs (including direct vacancy costs) (A)	**56 447**	**55 235**
Direct vacancy costs	3 501	3 397
Costs (excluding direct vacancy costs) (B)	**52 947**	**51 838**
Gross rental income less ground rent costs per IFRS	316 231	331 905
Add: share of Joint Ventures (Gross Rental Income less ground rent costs)	**n.a.**	**n.a.**
Gross rental income (C)	**316 231**	**331 905**
EPRA cost ratio (including direct vacancy costs) (A/C)	**17.9%**	**16.6%**
EPRA cost ratio (excluding direct vacancy costs) (B/C)	**16.7%**	**15.6%**
Capitalised operating costs	**2 367**	**2 401**

Staff costs for the development of own projects amounting to CHF 4.6 million (2022: CHF 3.7 million) have been capitalised but are not excluded from the table above. All costs directly associated with the purchase or construction of properties as well as all subsequent value-enhancing capital expenditures qualify as acquisition costs and are capitalised. Capitalised own services arising from the development of own projects are valued at production costs.

6 EPRA LTV

31 December 2022

(in CHF 1 000)	Group as reported	Share of Joint Ventures	Share of Material Associates	Non-controlling Interests	Combined
Include:					
Borrowings from financial institutions	1 145 000				1 145 000
Bond loans	1 940 508				1 940 508
Net payables	92 400				92 400
Exclude:					
Cash and cash equivalents	– 20 741				– 20 741
Net debt (a)	**3 157 166**				**3 157 166**
Include:					
Owner-occupied property	36 412				36 412
Investment properties at fair value	8 850 261				8 850 261
Properties held for sale	25 442				25 442
Properties under development	508 940				508 940
Intangibles	296				296
Net receivables	0				0
Financial assets	9				9
Total property value (b)	**9 421 361**				**9 421 361**
LTV (a/b)	**33.5%**				**33.5%**

31 December 2023

(in CHF 1 000)	Group as reported	Share of Joint Ventures	Share of Material Associates	Non-controlling Interests	Combined
Include:					
Borrowings from financial institutions	1 380 000				1 380 000
Bond loans	2 079 020				2 079 020
Net payables	112 266				112 266
Exclude:					
Cash and cash equivalents	– 141 678				– 141 678
Net debt (a)	**3 429 609**				**3 429 609**
Include:					
Owner-occupied property	37 259				37 259
Investment properties at fair value	9 009 653				9 009 653
Properties held for sale	29 792				29 792
Properties under development	530 790				530 790
Intangibles	189				189
Net receivables	0				0
Financial assets	9				9
Total property value (b)	**9 607 692**				**9 607 692**
LTV (a/b)	**35.7%**				**35.7%**

EPRA Core Recommendations: Investment Property Reporting

Accounting basis under IAS 40

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

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

Valuation information

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

The fair value of the properties classified according to IAS 40/IFRS 5 is assessed every six months by the external, independent valuation company (see the Property Valuation Report of the valuation company Wüest Partner on pages 112 to 119). Thereby, the appraiser has access to company information with regard to lease contracts, operating costs and investments. The external valuations are verified internally by PSP Swiss Property by means of random checks of the input factors in the discounted cash flow (DCF) valuations, own DCF valuations, a systematic analysis of deviations from previous valuations as well as a discussion of the valuation results with the external appraiser. Furthermore, PSP Swiss Property carries out a periodic back testing of various input factors (rental income, vacancies, operating costs), which were used by the external valuation company. In addition, the valuation results are discussed in detail by the Executive Board and submitted to the Board of Directors.

Investment and development assets

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

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

The required information can be found on pages 24 to 31.

Like-for-like rental growth reporting

Like-for-like net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described. At the end of the reporting period the like-for-like portfolio consists of 148 investment properties which have a fair value of CHF 7.902 billion.

(in CHF 1 000)	Net rental income previous year's period	Effect from portfolio changes	Like-for-like growth	Like-for-like growth in %	Net rental income reporting period
Zurich	168 740	7 088	8 246	5.1%	184 075
Geneva	39 252	565	2 305	6.2%	42 123
Basel	20 340	1 263	474	2.4%	22 077
Bern	17 742	1 842	1 161	7.0%	20 745
Lausanne	15 909	– 575	473	4.0%	15 807
Other locations	18 472	254	984	5.3%	19 710
Sites and development properties	11 796	– 9 141	0	n.a.	2 656
Net Rental Income[1]	**292 252**	**1 297**	**13 643**	**5.1%**	**307 192**

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

The positive effect on the like-for-like growth is mainly based on the indexation of commercial rental agreements which came into force on 1 January 2023, amounted to CHF 7.5 million in this reporting period.

Additional portfolio information

Additional information and disclosure on property statistics such as rental data, valuation Data, development and redevelopment as well as lease data can be found on pages 314 to 333.

Capital expenditure disclosure

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

(in CHF 1 000)	**2022**	**2023**
Acquisitions	131 959	216 824
Development	92 471	97 573
Investment Properties		
– Incremental lettable space[1]	n.a.	n.a.
– No incremental lettable space	50 522	43 870
– Tenant incentive	10 668	3 521
– Other material non-allocated types of expenditure	n.a.	n.a.
– Capitalised interests	456	498
Total CapEx	**286 076**	**362 286**
Conversion from accrual to cash basis	– 2 945	– 20 066
Total CapEx on cash basis	**283 130**	**342 221**

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

Acquisitions during the reporting period include property at Pfingstweidstrasse 60, 60b, in Zurich (previous year: acquisitions at Place de la Synagogue 3, 5 / Rue Jean-Petitot 4, 6 in Geneva, Lintheschergasse 10 in Zurich and Mühlebachstrasse 2 / Falkenstrasse 30 in Zurich).

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To the Management of

PSP Swiss Property Ltd, Zug

Zurich, 26 February 2024

Independent assurance report on the EPRA reporting

We have been engaged by PSP Swiss Property Ltd. to perform a reasonable assurance engagement of the EPRA reporting containing the EPRA performance measures (pages 122 to 131) of PSP Swiss Property Ltd for the period ended 31 December 2023.

The EPRA-Reporting was prepared by Management of PSP Swiss Property Ltd based on the corresponding Best Practices Recommendations of the European Public Real Estate Association (EPRA) as published in February 2022.

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

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

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

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

We performed the following procedures amongst others:

- Inquiries with persons responsible for the preparation of the EPRA performance measures.
- Assessing the EPRA performance measures regarding completeness and accuracy of the deductions from the underlying numbers derived from the consolidated financial statements of PSP Swiss Property Ltd as of 31 December 2023 in accordance with IFRS Accounting Standards or if applicable other internal source data.

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

Opinion
In our opinion, the EPRA reporting of PSP Swiss Property Ltd containing the EPRA performance measures for the period ended 31 December 2023 is prepared, in all material respects, in accordance with the EPRA Best Practices Recommendations as published in February 2022.

Ernst & Young Ltd

Daniel Zaugg
Partner
(Auditor in charge)

Gianantonio Zanetti
Senior Manager

Statement of profit or loss of PSP Swiss Property Ltd (Holding)

(in CHF 1 000)	2022	2023	Note
Operating expenses	– 3 762	– 3 850	3.1
Total operating expenses	**– 3 762**	**– 3 850**	
Earnings before interest and taxes (Ebit)	**– 3 762**	**– 3 850**	
Financial income	34 000	63 864	3.2
Financial expenses	– 12 016	– 24 123	3.3
Financial result	**21 984**	**39 741**	
Earnings before taxes (Ebt)	**18 222**	**35 891**	
Direct taxes	– 1 660	– 3 265	
Net profit	**16 562**	**32 625**	

The notes are part of these financial statements.

Balance sheet of PSP Swiss Property Ltd (Holding)

(in CHF 1 000)	31 December 2022	31 December 2023	Note
Cash and cash equivalents	10 035	106 464	
Trade receivables			
– to third parties	2	80	
– to investments	0	104	
Accrued Income	0	99	
Total current assets	**10 037**	**106 748**	
Financial assets			
– Loans to investments	2 204 200	2 342 600	3.4
– Other financial assets	2 042	2 152	3.4
Investments	1 322 245	1 322 245	3.5
Total non-current assets	**3 528 487**	**3 666 997**	
Total assets	**3 538 524**	**3 773 745**	
Trade payables			
– to third parties	650	388	
Other current liabilities			
– to third parties	76	66	
Interest-bearing debt			
– to third parties	440 436	450 047	3.6
– to investments	486	127	3.6
Deferred income and accrued expenses	8 105	12 786	
Total current liabilities	**449 753**	**463 414**	
Other non-current liabilities			
– to third parties	2 113	1 125	
Non-current interest-bearing debt			
– to third parties	2 645 001	3 010 000	3.6
– to investments	5 900	5 100	3.6
Total non-current liabilities	**2 653 014**	**3 016 225**	
Share capital	4 587	4 587	
Statutory capital reserves			
– Statutory reserves from capital contributions	381	381	
Statutory retained earnings	2 000	2 000	
Voluntary retained earnings			
– Statutory and regulative-decided retained earnings	411 512	253 533	
Available earnings			
– Profit carried forward from the previous year	716	979	
– Annual profit	16 562	32 625	
Total shareholders’ equity	**435 757**	**294 106**	
Total liabilities and shareholder’s equity	**3 538 524**	**3 773 745**	

The notes are part of these financial statements.

Notes to the financial statements

1 General information

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

The Company's purpose is the acquisition, holding and sale of participations in companies with the following main purposes:
- Acquisition, holding and sale of real estate in Switzerland, which serve as permanent establishments
- Acquisition, holding and sale of land abroad
- Management and brokerage of land
- Planning and execution of development and conversion projects of all kinds
- Financing of group companies

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

The financial statements of PSP Swiss Property Ltd for the year 2023 were authorised for issue by the Board of Directors on 26 February 2024.

2 Summary of significant accounting policies

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

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

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

2.2 Estimates and assumptions by the Executive Board

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

2.3 Financial result

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

2.4 Cash and cash equivalents

Cash and cash equivalents are shown in the balance sheet at their nominal value; they include bank deposits.

2.5 Trade receivables

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

2.6 Loans to investments

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

2.7 Investments

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

2.8 Interest-bearing debt, bonds and notes

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

2.9 Treasury shares

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

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

3.1 Operating expenses

(in CHF 1 000)	2022	2023
Investor Relations/Company expenses	– 2 621	– 3 020
Management fees	– 745	– 639
Other general and administration expenses	– 396	– 191
Total operating expenses	**– 3 762**	**– 3 850**

3.2 Financial income

(in CHF 1 000)	2022	2023
Income from loans to investments	34 000	63 611
Other financial income	0	253
Total financial income	**34 000**	**63 864**

3.3 Financial expenses

(in CHF 1 000)	2022	2023
Interest expense for liabilities to third parties	– 11 156	– 22 670
Interest expense on cash and cash equivalents	– 177	– 214
Other financial expenses	– 684	– 1 239
Total financial expenses	**– 12 016**	**– 24 123**

3.4 Financial assets

(in CHF 1 000)	31 December 2022	31 December 2023
Loans to investments	2 204 200	2 342 600
Other financial assets	2 042	2 152
Total long-term financial assets	**2 206 242**	**2 344 752**

Financial investments are mainly loans to direct or indirect investments.

3.5 Investments

(in CHF 1 000)	Registered office	Share capital 2022	Ownership 2022	Share capital 2023	Ownership 2023
Directly held investments					
PSP Participations Ltd	Zug	1 000 000	100%	1 000 000	100%
Indirectly held investments					
PSP Group Services Ltd	Zurich	100	100%	100	100%
PSP Real Estate Ltd	Zurich	50 600	100%	50 600	100%
PSP Management Ltd	Zurich	100	100%	100	100%
PSP Properties Ltd	Zurich	9 919	100%	9 919	100%
Immobiliengesellschaft Septima Ltd	Zurich	5 700	100%	5 700	100%
SI 7 Place du Molard Ltd	Zurich	105	100%	105	100%
Place DLS LLC	Zurich	20	100%	20	100%

In the previous year, the ordinary shares of Place DLS LLC were acquired entirely in cash by PSP Participations Ltd. The acquisition was retroactive as of 1 January 2022. Place DLS LLC is fully consolidated with a participation rate of 100%.

None of these investments is listed on a stock exchange.

IG REM, in which PSP Swiss Property held an interest together with two other companies, was dissolved as at 31 December 2023.

3.6 Interest-bearing debt

(in CHF 1 000)	31. December 2022	31. December 2023
Interest-bearing debt to banks	30 000	100 000
Interest-bearing debt to investments	486	127
Short-term bonds and notes	410 000	350 000
Issue costs	436	47
Total current interest-bearing debt	**440 922**	**450 174**
Interest-bearing debt to banks	1 115 000	1 280 000
Interest-bearing debt to investments	5 900	5 100
Long-term bonds	1 530 001	1 730 000
Total non-current interest-bearing debt	**2 650 901**	**3 015 100**

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

At the end of 2023 (as in previous year), no debt or loans were outstanding which were secured by mortgages on properties and no debt or loans were outstanding with an amortisation obligation.

3.7 Bonds according to article 959c, paragraph 4 CO

(in CHF 1 000)	Carrying value 31.12.21	Issue / Repayment	Amortisation issue costs	Reclassifi-cation	Carrying value 31.12.22
0.060% bond, maturing 11.02.22	100 000	– 100 000	0	0	n.a.
0.950% note, maturing 01.02.23	n.a.	70 000	0	0	70 000
1.130% note, maturing 06.03.23	n.a.	40 000	0	0	40 000
0.000% bond, maturing 01.09.23	n.a.	0	0	300 000	300 000
Total short-term bonds / notes	**100 000**	**10 000**	**0**	**300 000**	**410 000**
0.000% bond, maturing 01.09.23	300 000	0	0	– 300 000	n.a.
0.500% bond, maturing 16.02.24	300 001	0	– 1	0	300 001
1.000% bond, maturing 06.02.25	150 000	0	0	0	150 000
0.375% bond, maturing 29.04.26	200 000	0	0	0	200 000
0.700% bond, maturing 08.02.27	180 000	0	0	0	180 000
0.550% bond, maturing 04.02.28	150 000	0	0	0	150 000
0.150% bond, maturing 02.02.29	150 000	0	0	0	150 000
0.000% bond, maturing 06.02.30	100 000	0	0	0	100 000
0.200% bond, maturing 04.02.31	200 000	0	0	0	200 000
0.160% bond, maturing 16.09.31	100 000	0	0	0	100 000
Total long-term bonds	**1 830 001**	**0**	**– 1**	**– 300 000**	**1 530 001**

(in CHF 1 000)	Carrying value 31.12.22	Issue / Repayment	Amortisation issue costs	Reclassifi-cation	Carrying value 31.12.23
0.950% note, maturing 01.02.23	70 000	– 70 000	0	0	n.a.
1.130% note, maturing 06.03.23	40 000	– 40 000	0	0	n.a.
0.000% bond, maturing 01.09.23	300 000	– 300 000	0	0	n.a.
2.150% note, maturing 31.05.24	n.a.	50 000	0	0	50 000
0.500% bond, maturing 16.02.24	n.a.	0	-1	300 001	300 000
Total short-term bonds / notes	**410 000**	**–360 000**	**-1**	**300 001**	**350 000**
0.500% bond, maturing 16.02.24	300 001	0	0	– 300 001	n.a.
1.000% bond, maturing 06.02.25	150 000	0	0	0	150 000
0.375% bond, maturing 29.04.26	200 000	0	0	0	200 000
2.000% bond, maturing 01.07.26	n.a.	150 000	0	0	150 000
1.800% bond, maturing 11.12.26	n.a.	150 000	0	0	150 000
0.700% bond, maturing 08.02.27	180 000	0	0	0	180 000
0.550% bond, maturing 04.02.28	150 000	0	0	0	150 000
2.250% bond, maturing 02.10.28	n.a.	200 000	0	0	200 000
0.150% bond, maturing 02.02.29	150 000	0	0	0	150 000
0.000% bond, maturing 06.02.30	100 000	0	0	0	100 000
0.200% bond, maturing 04.02.31	200 000	0	0	0	200 000
0.160% bond, maturing 16.09.31	100 000	0	0	0	100 000
Total long-term bonds	**1 530 001**	**500 000**	**0**	**– 300 001**	**1 730 000**

4 Further information

4.1 Information on the number of full-time positions

The Company does not employ any employees.

4.2 Major shareholders

As at 31 December 2023, PSP Swiss Property Ltd was aware of the following major shareholders with more than 5% of the voting rights:

Name	Domicile	Voting rights 31 December 2022	Voting rights 31 December 2023
BlackRock Inc.	New York, N.Y., USA	5.95%	5.95%
Credit Suisse Funds AG	Zurich, Switzerland	5.20%	5.20%
UBS Fund Management (Switzerland) AG	Basel, Switzerland	5.09%	5.09%
Nominee exempt from reporting requirements (Chase Nominees Ltd)	London, UK	6.02%	0.00%

Details on the major shareholders and shareholders known to the Company with participations of 3% or more of the voting rights as well as the disclosures in accordance with article 120 ff. FMIA are shown in the Corporate governance section, figure 1.2, page 182.

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

Participations of members of the Board of Directors	Number of shares	
	31 December 2022	31 December 2023
Luciano Gabriel, Chairman	200 004	200 004
Henrik Saxborn, Vice Chairman	0	385
Mark Abramson, Member[1]	0	0
Corinne Denzler, Member	250	1 450[2]
Adrian Dudle, Member	0	0
Aviram Wertheim, Member[3]	0	n.a.
Total	**200 254**	**201 839**

1 Elected at the Annual General Meeting of 31 March 2022.
2 Of which 700 shares held by related parties.
3 Until the Annual General Meeting of 5 April 2023.

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

Participations of members of the Executive Board	Number of shares	
	31 December 2022	**31 December 2023**
Giacomo Balzarini, Chief Executive Officer/ Chief Financial Officer	60 000	70 567
Reto Grunder, Chief Investment Officer	5 281	7 945
Martin Heggli, Chief Operating Officer	7 899	9 675
Total	**73 180**	**88 187**

Neither the Members of the Board of Directors nor the Members of the Executive Board held any options on PSP shares in the financial- or the prior year. As in previous year no loans were granted to Members of the Board of Directors or the Executive Board in 2023. As at the end of prior year, there were no claims on these Members at the end of the financial year.

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

The disclosures required by the federal ordinance against excessive pay in stock exchange listed companies as well as the disclosure of the number and value of participation rights for Members of the Board of Directors and the Executive Board according to article 959c, paragraph 2 (11) CO are shown in the "Compensation report" on pages 152 to 157.

4.4 Treasury shares

	Number of registered shares	Cost/Sale value in CHF 1 000	Average transaction price in CHF
Purchases	17 345	1 972	113.69
Performance-based compensation in shares for the Executive Board	– 17 345	– 1 902	109.68
Effect of performance-based compensation		– 70	
31 December 2022	**0**	**n.a.**	**n.a.**
Purchases	15 097	1 624	107.59
Performance-based compensation in shares for the Executive Board	– 15 097	– 1 646	109.00
Effect of performance-based compensation		21	
31 December 2023	**0**	**n.a.**	**n.a.**

4.5 Contingent liabilities

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

4.6 Subsequent events

On 16 February 2024, a 1.7% bond (green bond, all-in 1.723%) with a volume of CHF 100 million and a maturity in February 2030 was issued.

There were no further material subsequent events.

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

The Board of Directors will propose to the Annual General Meeting on 4 April 2024, the appropriation of the retained earnings 2023 and the statutory and regulative-decided retained earnings as well as the distribution of a dividend of CHF 3.85 **gross per share** (previous year CHF 3.80 gross per share) to the shareholders as follows:

Available earnings (in CHF 1 000)	**2022**	**2023**
Profit carried forward from the previous year	716	979
Annual profit	16 562	32 625
Available earnings	**17 277**	**33 605**
Allocation from statutory and regulative-decided retained earnings	158 000	143 000
Total available to the Annual General Meeting	**175 277**	**176 605**
Dividend payment of CHF 3.85 gross per share	– 174 298	– 176 591
Balance carried forward	**979**	**13**

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

Statutory and regulative-decided retained earnings (in CHF 1 000)	**2022**	**2023**
Balance carried forward from the previous year	411 582	253 512
Effect of performance-based compensation	– 70	21
Statutory and regulative-decided retained earnings	**411 512**	**253 533**
Transfer to available earnings	– 158 000	– 143 000
Balance carried forward	**253 512**	**110 533**

Upon approval of the proposal, the dividend of CHF 3.85 gross per share will be paid out, net of withholding tax, presumably as of Wednesday, 10 April 2024, with ex-date on Monday, 8 April 2024.

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

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To the General Meeting of
PSP Swiss Property Ltd, Zug

Zurich, 26 February 2024

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of PSP Swiss Property Ltd (the Company), which comprise the balance sheet as at 31 December 2023, the statement of profit or loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 134 to 145) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key audit matters
We have determined that there are no key audit matters to communicate in our report.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements, the pages 152 to 157 in the compensation report and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors’ responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse’s website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

Furthermore, we 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

Daniel Zaugg Licensed audit expert (Auditor in charge)	Gianantonio Zanetti Licensed audit expert

Compensations Board of Directors and Executive Board

Compensation report

This Compensation Report was prepared in accordance with the provisions of the Swiss Code of Obligations ("CO") on compensation reports (Article 734a ff. CO).

1 Compensation of the Board of Directors

Compensation to members of the Board of Directors business year 2022 (in CHF 1 000)	**Fixed compensation in cash**	**Fixed compensation in shares**	**Other benefits**	**Employer contributions pension benefits**[1]	**Total compensation**
Luciano Gabriel, Chairman	160	0	0	0	160
Henrik Saxborn, Vice Chairman	126	0	0	25	151
Mark Abramson, Member[2]	80	0	0	3	83
Corinne Denzler, Member	75	0	0	3	78
Adrian Dudle, Member	83	0	0	4	86
Peter Forstmoser, Member[3]	19	0	0	0	19
Josef Stadler, Member[3]	19	0	0	1	20
Aviram Wertheim, Member	99	0	0	4	103
Total	**660**	**0**	**0**	**39**	**699**

1 The pension-forming employer contributions to social insurance totalling TCHF 39 are recorded as remuneration elements and reported under employer pension contributions. The total employer contributions to the national social security insurances amount to TCHF 51. No member of the Board of Directors is insured under a company pension scheme.
2 Elected at the Annual General Meeting of 31 March 2022.
3 Until the Annual General Meeting of 31 March 2022.

Compensation to members of the Board of Directors business year 2023 (in CHF 1 000)	**Fixed compensation in cash**	**Fixed compensation in shares**	**Other benefits**	**Employer contributions pension benefits**[1]	**Total compensation**
Luciano Gabriel, Chairman	160	0	0	0	160
Henrik Saxborn, Vice Chairman	132	0	0	26	158
Mark Abramson, Member	107	0	0	0	107
Corinne Denzler, Member	75	0	0	3	78
Adrian Dudle, Member	85	0	0	4	89
Aviram Wertheim, Member[2]	27	0	0	1	28
Total	**586**	**0**	**0**	**34**	**620**

1 The pension-forming employer contributions to social insurance totalling TCHF 34 are recorded as remuneration elements and reported under employer pension contributions. The total employer contributions to the national social security insurances amount to TCHF 44. No member of the Board of Directors is insured under a company pension scheme.
2 Until the Annual General Meeting of 5 April 2023.

2 Compensation of the Executive Board

Compensations to members of the Executive Board business year 2022 (in CHF 1 000)	Fixed compensation in cash	Performance-based compensation in cash	Other benefits	Performance-based compensation in contractual blocked shares[1]		Employer contributions pension benefits[2]	Total compensation
				Amount	in number of shares		
Giacomo Balzarini, Chief Executive Officer/ Chief Financial Officer	652	0	0	1 162	10 657	178	1 991
Reto Grunder, Chief Investment Officer	352	290	0	290	2 664	61	994
Martin Heggli, Chief Operating Officer	302	194	0	194	1 776	52	741
Total	**1 305**	**484**	**0**	**1 646**	**15 097**	**291**	**3 726**

1 Allocated at the market value per share (average of daily closing prices week 50/2022: CHF 109.00).
2 The mandatory employer contributions to the state pension scheme (Old Age and Survivor's insurance, "AHV") are – in the amount of TCHF 11 in 2022 that entitles to the maximum AHV pension benefits – included as compensation element and listed – together with the employer contributions to the company pension scheme – under employer contributions pension benefits. The total employer contributions to the social security insurances (AHV/IV/EO) amount to TCHF 169. The performance-based compensation is not insured under the company pension schemes; the fixed compensation only up to an amount of TCHF 700.

Compensations to members of the Executive Board business year 2023 (in CHF 1 000)	Fixed compensation in cash	Performance-based compensation in cash	Other benefits	Performance-based compensation in contractual blocked shares[1]		Employer contributions pension benefits[2]	Total compensation
				Amount	in number of shares		
Giacomo Balzarini, Chief Executive Officer/ Chief Financial Officer	652	0	0	1 367	11 641	181	2 200
Reto Grunder, Chief Investment Officer	352	358	0	358	3 051	61	1 130
Martin Heggli, Chief Operating Officer	302	233	0	233	1 985	52	820
Total	**1 305**	**592**	**0**	**1 959**	**16 677**	**294**	**4 150**

1 Allocated at the market value per share (average of daily closing prices week 50/2023: CHF 117.44).
2 The mandatory employer contributions to the state pension scheme (Old Age and Survivor's insurance, "AHV") are – in the amount of TCHF 12 in 2023 that entitles to the maximum AHV pension benefits – included as compensation element and listed – together with the employer contributions to the company pension scheme – under employer contributions pension benefits. The total employer contributions to the social security insurances (AHV/IV/EO) amount to TCHF 188. The performance-based compensation is not insured under the company pension schemes; the fixed compensation only up to an amount of TCHF 700.

3 Additional comments and information

3.1 In general

The listed compensations refer to the 2023 business year and are disclosed in accordance with the accrual principle (relating to the period of service, irrespective of the payment flows).

The following **explanations** on page 161 ff. describe the compensation system and the changes in compensation in 2023 compared to the previous year.

In the **Corporate Governance Report,** further information on the **statutory rules** for the compensations of the Board of Directors and Executive Board is provided in section 5.2 on page 206 ff.

3.2 Loans and credits as well as compensation to related parties

As in the previous year, **no loans or credits** were granted to current or former members of the Board of Directors or the Executive Board or to their related parties, respectively, in the 2023 business year. Furthermore, as at 31 December 2023 – as likewise per 31 December 2022 – there were no such claims vis-à-vis this group of persons.

In the 2023 business year, **no disclosable compensations** were paid directly or indirectly to current or former members of the Board of Directors or the Executive Board or their related parties, respectively (2022: until Mr. Peter Forstmoser's leaving the Board of Directors at 31 March 2022, legal fees in the amount of TCHF 14 were paid to lawyers of the law firm Niederer Kraft Frey Ltd, Zurich, in which Mr. Forstmoser was a partner; no legal fees were paid to Mr. Forstmoser himself).

3.3 Participation rights and options on such rights

Participations of Members of the Board of Directors	Number of PSP-shares 31 December 2022	Number of PSP-shares 31 December 2023
Luciano Gabriel, Chairman	200 004	200 004
Henrik Saxborn, Vice Chairman	0	385
Mark Abramson, Member	0	0
Corinne Denzler, Member	250	1 450[1]
Adrian Dudle, Member	0	0
Aviram Wertheim, Member[2]	0	n.a.
Total	**200 254**	**201 839**

1 Whereof 700 shares are held by an individual related person.
2 Until the Annual General Meeting of 5 April 2023.

Participations of Members of the Executive Board	Number of PSP-shares 31 December 2022	Number of PSP-shares 31 December 2023
Giacomo Balzarini, Chief Executive Officer/ Chief Financial Officer	60 000	70 657
Reto Grunder, Chief Investment Officer	5 281	7 945
Martin Heggli, Chief Operating Officer	7 899	9 675
Total	**73 180**	**88 277**

Neither the Members of the Board of Directors nor the Members of the Executive Board held options on PSP-shares in the reporting year and in the previous year.

3.4 Functions of the Members of the Board of Directors and the Executive Board in other companies pursuant to Art. 734e CO and Art. 626 para. 2 section 1 CO

Member of the Board of Directors	**Name of the Company**	**Function**	**31.12. 2022**	**31.12. 2023**
Luciano Gabriel	Aggregate Holdings S.A., Luxemburg, LU	Member of the Advisory Board	×	
	BrickMark Group AG, Baar, CH	Chairman of the Advisory Board	×	
	Marletto SA, Muralto, CH	Chairman of the Board of Directors	×	×
	COIMA SGR S.p.A., Mailand, ITA	Member of the Board of Directors		×
	Peninsula Real Estate Ltd, Dubai, VAE	Member of the Board of Directors		×
	Swiss Finance & Property UK Ltd, London, GBR	Member of the Board of Directors		×
Henrik Saxborn	AMF Fastigheter, Stockholm, SE	Member of the Board of Directors	×	×
	Annehem Fastigheter AB, Ängelholm, SE	Member of the Board of Directors	×	
	Annehem Fastigheter AB, Ängelholm, SE	Chairman of the Board of Directors		×
	AP7, Stockholm, SE	Member of the Board of Directors	×	×
Mark Abramson	Tovana Investment Advisors GmbH, Frankfurt, DE	General Manager	×	×
Corinne Denzler	St. Moritz Tourismus AG, St. Moritz, CH	Member of the Board of Directors		×
	La Gustaiola SA, Risch, CH	Member of the Board of Directors	×	×
Adrian Dudle	DEGAP business law Adrian Dudle, Kilchberg ZH, CH	General Manager	×	×
Aviram Wertheim (until AGM 2023)	*Alony Hetz Properties & Investments Ltd, Ramat-Gan, IL*	*Chairman of the Board of Directors*	×	
	Amot Investments Ltd., Ramat-Gan, IL	*Member of the Board of Directors*	×	
	Carr Properties Corp. (Reit), Washington D.C., USA	*Member of the Board of Directors*	×	
	Energix – Renewable Energies Ltd., Ramat-Gan, IL	*Member of the Board of Directors*	×	
	Orwer (management) 2002 Ltd, Ramat Hasharon, IL	*Member of the Board of Directors*	×	
	Orbar Management and Investments Services 2017 Ltd., Ramat Hasharon, IL	*Member of the Board of Directors*	×	

Member of the Executive Board	**Name of the Company**	**Function**	**31.12. 2022**	**31.12. 2023**
Giacomo Balzarini	Ernst Göhner Stiftung, Zug, CH	Member of the Board of Trustees	×	×
	Seewarte Holding Ltd, Zug, CH	Chairman of the Board of Directors	×	×
	Hardturm Ltd, Zurich, CH	Vice Chairman of the Board of Directors	×	×

Building a better working world

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To the General Meeting of
PSP Swiss Property AG, Zug

Zurich, 26 February 2024

Report of the statutory auditor on the audit of the Compensation Report

Opinion
We have audited the Compensation Report of PSP Swiss Property AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) on pages 152 to 157 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Compensation Report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include pages 152 to 157 in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the Compensation Report
The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the Compensation Report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Daniel Zaugg Licensed audit expert (Auditor in charge)	Gianantonio Zanetti Licensed audit expert

Explanations on the compensation system

1 Key features of the compensation system

The compensation system for the Board of Directors and the Executive Board of PSP Swiss Property is laid down in the Articles 22 ff. of the Articles of Association and can be summarised as follows:

- *The compensation of the members of the Board of Directors and the Executive Board is determined by the Board of Directors, based on the recommendation of the Compensation Committee, adequately and in line with market.*
- *The members of the Board of Directors only receive a fixed compensation, payable in cash and/or in equity securities.*
- *The members of the Executive Board receive a fixed cash compensation and a variable, performance-based compensation payable in cash and/or equity securities or option rights.*
- *The variable, performance-based compensation of the Executive Board is calculated according to* ***a formula – as explained in section 5.2 below –*** *which mainly takes into account the net earnings per share (EPS) excluding gains/losses on real estate investments and its change compared to the previous year. It is paid in shares which are subject to a contractual blocking period of three years, for the Chief Executive Officer (CEO) in 100% of such shares and for the remaining members of the Executive Board in 50% of such shares.*
- *As of 2015, the Annual General Meeting approves, with binding effect and on a prospective basis, the maximum total amount of compensation for the Board of Directors (for the period until the next Annual General Meeting) and for the Executive Committee (for the next business year).*
- *As of 2015, shareholders have an advisory vote on the Compensation Report.*

These key features remain unchanged in the 2023 business year compared to the previous year.

As of **1 January 2024,** the basis and the formula of the variable, performance-based compensation of the Executive Board will be supplemented by an **ESG-Factor,** which is intended to align the performance-based compensation further and long-term with the sustainability goals of the business strategy *(see section 6, Compensation-related comments on the reporting year)*.

As of the **Annual General Meeting 2024,** the compensations for all Members of the Board of Directors will be increased by CHF 10 000 for the year of office *(see section 4.2)*.

2 Responsibility and determination of the compensations

The Board of Directors is responsible for determining the individual compensation of the Board of Directors and the Executive Board. The compensation is determined by the Board of Directors at **its discretion,** adequately and in line with market, and is reviewed periodically. The Compensation Committee prepares and submits respective proposals to the Board of Directors, namely in respect to the compensation principles applicable for the performance-based compensation and the allocation of equity securities or option rights, the individual compensation as well as to the corresponding employment contracts or mandates *(for the work methods of the Board of Directors and the Compensation Committee in general, see section 3)*. The compensation-related activities in the reporting year are described in section 6.

The compensations determined by the Board of Directors are subject to the approval by the General Meeting of the maximum total amounts proposed to it. The employment contracts with the members of the Executive Board contain a corresponding proviso.

The Board of Directors thus proposes to the General Meeting of Shareholders each year, based on the recommendation of the Compensation Committee, the approval of the maximum total amounts of compensation for the Board of Directors (for the period until the next Annual General Meeting) and the Executive Board (for the next business year). For the corresponding resolutions of the Annual General Meeting relating the reporting year, see section 4.3 f. and section 5.4 f.

This determination procedure has basically not changed in the 2023 business year compared to the previous year.

3 Compensation Committee

The members of the Compensation Committee are elected annually by the General Meeting in individual elections. Only members of the Board of Directors are eligible for election. The Compensation Committee constitutes itself in accordance with the Articles of Association *(Article 22 (2) of the Articles of Association)* and elects a Chair. The following three members of the Board of Directors belong to the **Compensation Committee.** Mr. Henrik Saxborn is the Chair.

Members	Committee Member since:
Henrik Saxborn, Chair	2 May 2022
Adrian Dudle	31 March 2016
Corinne Denzler	2 May 2022

The Compensation Committee **acts in an advisory or preparatory capacity.** Its tasks are governed by Article 22 (4) of the Articles of Association and are adopted and detailed accordingly in a regulation of the Board of Directors for the Compensation Committee *(see on the tasks of the Compensation Committee in the Corporate Governance Report, section 3.5.2 c., page 196).*

The Compensation Committee meets at the invitation of its Chair and as often as business requires, at least for the preparation of proposals to the General Meeting about the Compensation Report and the compensation of the Board of Directors and the Executive Board. At the invitation of the Chair, namely the Chairman of the Board of Directors and the CEO may attend the meetings in an advisory or non-advisory capacity. All members of the Board of Directors have access to the minutes of the Compensation Committee *(see on the functioning of the Compensation Committee in the Corporate Governance Report, section 3.5.3 d, page 199).*

In the **reporting year,** the Compensation Committee met four times, with meetings lasting an average of half an hour *(see Corporate Governance Report, section 3.5.3 d, page 199)*. For information on the compensation-related activities of the Board of Directors and the Compensation Committee in the reporting year, see section 6.

4 The compensation of the Board of Directors

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

The basis and elements of the Board of Directors' compensation in the **2023 business year** remained unchanged compared to the previous year:

- *Non-executive members of the Board of Directors receive a* ***fixed compensation,*** *payable in cash and/or equity securities.*
- *The company pays the employer's contributions to* ***social security insurances (AHV/IV/EO/ALV)*** *and to the compulsory family compensation fund as well as allowances for out-of-pocket business expenses, which are not part of the salary. Only the pension-forming employer contributions to state social old-age and survivors' insurances are regarded as compensation element.*
- *Executive members of the Board of Directors, if any, are remunerated as members of the Executive Board and do not receive an additional remuneration for activities as members of the Board of Directors. Respective compensations are disclosed – and approved by the General Meeting – as part of the compensations of the Executive Board.*
- *The chairmanship of committees is compensated separately, whereby this additional compensation does not apply to the Chairman and Vice Chairman of the Board of Directors. Other activities in committees are (as before) not compensated separately.*
- *Non-executive members of the Board of Directors are not insured under an occupational pension scheme).*

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

The last adjustment to the **fixed compensation** of the ordinary members of the Board of Directors was made on **18 August 2008. In the previous year,** the fixed compensation for the new office of Vice Chairman of the Board of Directors was increased by CHF 25 000 for the year of office and the chairmanship of ordinary members in committees was additionally compensated with CHF 10 000 for the year of office.

These fixed compensations remained **unchanged for the 2023 business year:**

- *The Chairman of the Board of Directors receives an annual gross compensation of CHF 160 000, irrespective of the number of meetings of the Board of Directors.*
- *The Vice Chairman of the Board of Directors receives an annual gross compensation of CHF 100 000 and an ordinary member of the Board of Directors receives an annual gross compensation of CHF 75 000. Additionally, CHF 8 000 gross is paid for each additional meeting of the Board of Directors in excess of six meetings per year.*
- *Members of the Board of Directors who travel from abroad receive an additional CHF 8 000 gross for each meeting of the Board of Directors.*
- *The chairmanship in the Committees is compensated with additional CHF 10 000 gross, whereas this additional compensation is not applicable to the Chairman and the Vice Chairman of the Board of Directors.*

The compensations of the members of the Board of Directors for the 2023 business year are set out in **section 1** of the Compensation Report.

As of the Annual General Meeting 2024, the compensations for all members of the Board of Directors will be increased by CHF 10 000 for the year of office. A gross amount of CHF 170 000 has been set for the Chairman of the Board of Directors, CHF 110 000 gross for the Vice Chairman and CHF 85 000 gross for members of the Board of Directors. The rules and amounts for additional meetings, travelling from abroad and chairing committees remain unchanged.

4.3 Addendum: The compensation of the members of the Board of Directors for the period from the Annual General Meeting 2022 to the Annual General Meeting 2023

The Annual General Meeting of 31 March 2022 approved a maximum total compensation for the members of the Board of Directors, including the Chairman, of TCHF 1 000 until the Annual General Meeting 2023. This maximum amount was proposed based on the assumption of eight meetings during the term of office. As at the time of publication of the 2022 Compensation Report on 21 February 2023, the number of meetings of the Board of Directors until the Annual General Meeting 2023 was still uncertain, the total amount of compensation could only be provisionally stated therein at TCHF 700. The final total amount of compensation is **TCHF 698** and is composed as follows:

Total compensations of the Board of Directors[1, 2] (in CHF 1 000)	**from AGM 2022 to 31 December 2022**	**from 1 January 2023 to AGM 2023**	**from AGM 2022 to AGM 2023**
Luciano Gabriel, Chairman	120	40	160
Henrik Saxborn, Vice Chairman	119	40	158
Mark Abramson, Member	83	27	110
Corinne Denzler, Member	59	20	78
Adrian Dudle, Member	67	22	89
Aviram Wertheim, Member	75	28	103
Total	**522**	**176**	**698**

1 See section 1 of the Compensation Report.
2 Inclusive of the pension-forming employer contributions to state social insurances in the amount of TCHF 40.

The total compensation for the members of the Board of Directors of **TCHF 698** (previous period: TCHF 683) for the period from the Annual General Meeting 2022 to the Annual General Meeting 2023 was thus well **below the approved maximum total amount of TCHF 1 000.**

4.4 The compensation of the members of the Board of Directors for the period from the Annual General Meeting 2023 to the Annual General Meeting 2024

The Annual General Meeting of 5 April 2023 approved a maximum total compensation for the members of the Board of Directors, including the Chairman, **of TCHF 800 until the Annual General Meeting of 2024** (previous period: TCHF 1 000). This maximum amount was proposed based on the assumption of eight meetings during the term of office.

The compensation for the **2023 business year** is listed in the Compensation Report in section 1 and amounts to TCHF 620 in total (previous year: TCHF 699). The compensations since the Annual General Meeting 2023 until 31 December 2023 are based on the number of three Board meetings held and amounted to **TCHF 444** (previous period: TCHF 523). Assuming that only one more ordinary Board meeting will be held until the Annual General Meeting 2024, this amount will increase by TCHF 148 to **TCHF 592.**

Total compensations of the Board of Directors[1, 2] (in CHF 1 000)	**from AGM 2023 to 31 December 2023**	**from 1 January 2023 to AGM 2024**[3]	**from AGM 2023 to AGM 2024**[3]
Luciano Gabriel, Chairman	120	40	160
Henrik Saxborn, Vice Chairman	119	40	158
Mark Abramson, Member	80	27	107
Corinne Denzler, Member	59	20	78
Adrian Dudle, Member	67	22	89
Total	**444**	**148**	**592**

1 See section 1 of the compensation report.
2 Inclusive of the pension-forming employer contributions to state insurances in the amount of TCHF 33.
3 Based on the assumption of one Board meeting from 1 January 2024 until AGM 2024 with all members attending.

Thus, the compensation of the members of the Board of Directors for the current term of office will most likely be below the approved maximum amount of TCHF 800. The Board of Directors will again disclose the final total amount of compensation in the 2024 Compensation Report.

5 The compensation of the Executive Board

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

5.1 Basis and elements of the compensations of the Executive Board

The basis and elements of the Executive Board's compensation **for the 2023 business year** remained unchanged compared to the previous year:

- *The Chief Executive Officer (CEO) and the other members of the Executive Board receive a **fixed compensation in cash** and a **variable, performance-based compensation.***
- *The **performance-based compensation** is calculated in full by applying a mathematical **formula as further described** under **section 5.2 below.** It may be paid in cash and/or by granting of equity securities or option rights.*
- *The **performance-based compensation** of the CEO is paid **100% in shares with a contractual blocking period of three years,** while such compensation of the other members of the Executive Board **is paid in cash (one half) and in shares with a blocking period of three years (one half).** When granting shares, the amount of compensation equals the market value of such shares at the time of allocation. The value will be derived from the stock market price at the day of allocation or an average stock market price of prior trading days.*
- *For the purposes of the **occupational pension scheme** (obligatory and overobligatory components), only the fixed compensation up to CHF 700 000 is insured; the performance-based compensation is not insured. As it was the case since the inception of the respective occupational pension scheme, the members of the Executive Board were insured under identical plans with the members of the senior management, which plans insure 19% of the employees (without caretakers; 2022: 17%).*

- *The employer pays the employer's contributions to the* ***social security insurances (AHV/IV/EO/ALV).*** *However, only such partial amount of the employer's contributions to the state old age and survivors' insurance ("AHV") that are pension-forming are regarded as compensation element.*

- *The employer reimburses* ***out-of-pocket business expenses*** *by lump sum payments according to its business expenses policy as approved by the tax authorities. It also pays the premiums of risk insurances (for accidents and daily allowances during illness) and the employer's contributions to the compulsory family compensation fund. These payments, premiums and contributions respectively are not part of the compensations.*

As from the 2018 business year, **share ownership guidelines** apply to the CEO prescribing a holding of a **minimum number of 22 000 shares** of the Company, which number was based on three times the amount of the CEO's **annual fixed compensation 2018** and the **average of the end of day share prices of week 50/2017,** i. e., CHF 90.45, and remained unchanged for the entire **2023 business year.**

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

Fixed compensation	Variable, performance-based compensation	Employer contributions for pension benefits
– Gross, in cash	– According to the formula – Gross, in cash and/or equity securities/option rights	– Employer's contributions to the employee pension scheme, only for fixed compensations up to a maximum of CHF 700 000; performance-based compensations are not insured – Employer's contributions to the state pension scheme (AHV) (partial amount)

5.2 The performance-based compensation

The basis and the formula for the calculation of the variable, performance-based compensation of the members of the Executive Board were effective – without change compared to the previous year – for the **entire 2023 business year.**

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

The specific amount of the performance-based compensation is calculated entirely based on a mathematical **formula** as set out below. The formula takes mainly into account the EPS excluding gains/losses on real estate investments *(see the definitions on page 104 f., note 15)* of the respective business year, its difference to the previous business year as well as a multiplier. The multiplier is individually set forth for each member of the Executive Board (the "individual factor"). Except for such individual factors, the formula is **identical for each member of the Executive Board.** The formula and the individual factors are contained in their respective **employment contracts.**

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

Legend:

K	= Individual Factor according to the employment contract
$EPS^{w/o\ \Delta RE}$	= EPS excluding gains/losses on real estate investments
$EPS^{\Delta RE}$	= Contribution of gains/losses on real estate investments to the EPS
$\Delta EPS^{w/o\ \Delta RE}$	= Difference in EPS excluding gains/losses on real estate investments compared to the previous year

K for Giacomo Balzarini	=	120 000 (2022: 120 000)
K for Reto Grunder	=	60 000 (2022: 60 000)
K for Martin Heggli	=	40 000 (2022: 40 000)

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

As of **1 January 2024,** the basis and the formula of the variable, performance-based compensation of the Executive Board will be **supplemented by an ESG-Factor,** which is intended to align the performance-based compensation further and long-term with the sustainability goals of the business strategy *(see section 6, Compensation-related comments on the reporting year)*.

5.3 Individual caps and approval required by the Annual General Meeting

Each employment contract contains an **individual maximum amount** ("Cap") of the **maximum total compensation owed** by the employer per calendar year. Such Caps were – unchanged compared to the previous year – for the 2023 business year: TCHF 2 200 for Mr. Giacomo Balzarini (2022: TCHF 2 200), TCHF 1 130 for Mr. Reto Grunder (2022: TCHF 1 130) and TCHF 820 for Mr. Martin Heggli (2022: TCHF 820).

The **maximum amount of the performance-based compensation** for each member of the Executive Board can be calculated by deducting from the above mentioned Caps (i) the fixed compensation stipulated in the employment contract, (ii) other benefits, if any, and (iii) the employer contributions for pension benefits relating thereto. For the 2023 business year such calculation results in the following caped amounts for the performance-based compensations: TCHF 1 367 for Mr. Giacomo Balzarini (2022: TCHF 1 370), TCHF 717 for Mr. Reto Grunder (2022: TCHF 717) and TCHF 466 for Mr. Martin Heggli (2022: TCHF 467).

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

5.4 Compensations of the Executive Board 2023

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

The employment contracts, containing namely the discretionary determined fixed and performance-based compensations, including the individual cap, the formula and the individual factor "K", all as described in **section 2** of the Compensation Report and in sections 5.2 and 5.3, respectively, were effective for the **2023 business year** and remained **unchanged** compared to the previous year.

In the reporting year, **performance-based compensations** benefited from the comparatively strong increases of the EPS excluding gains/losses on real estate investments to CHF 7.40 (2022: CHF 5.14), despite a decrease of the EPS to CHF 4.53 (2022: CHF 7.19). The individual performance-based compensations resulting from the calculation formula were reduced due to the respective Caps. In accordance with the employment contracts, this reduction amount is **forfeited and will not be carried forward to future performance-based compensations** (no "catch up"). Thus, the total compensation of TCHF 4 150 approved by the Annual General Meeting 2022 for the 2023 business year is respected *(see section 5.5)*.

Executive Board compensations (in CHF 1 000)	**Cap**	**Fixed compen-sation**	**Other benefits**	**Employer Contributions pension benefits**	**Maximum performance based compensation**	**Total compen-sation**
Giacomo Balzarini	2 200	652	0	181	1 367	2 200
Reto Grunder	1 130	352	0	61	717	1 130
Martin Heggli	820	302	0	52	466	820
Total	**4 150**	**1 305**	**0**	**294**	**2 550**	**4 150**

The **compensation** of each member of the Executive Board for the **2023 business year** is listed in **section 2** of the Compensation Report and can be summarized as follows:

Executive Board compensations	**Fixed compen-sations**		**Other benefits**		**Employer Contribu-tions pension benefits**		**Maximum performance based com-pensation**		**Total compensations**		
(in CHF 1 000)	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**Δ**
Giacomo Balzarini	652	652	0	0	178	181	1 162	1 367	1 991	2 200	209
Reto Grunder	352	352	0	0	61	61	581	717	994	1 130	136
Martin Heggli	302	302	0	0	52	52	387	466	741	820	79
Total	**1 305**	**1 305**	**0**	**0**	**291**	**294**	**2 130**	**2 550**	**3 726**	**4 150**	**424**

The total **amount of compensations** amounted to **TCHF 4 150** (2022: TCHF 3 726). Compared to the previous year, this means an **increase of TCHF 424,** which is almost entirely due to higher performance-based compensations.

The **ratios of the performance-based compensations compared to the fixed compensations** are for Mr. Giacomo Balzarini 210% (2022: 178%), for Mr. Reto Grunder 204% (2022: 165%) and for Mr. Martin Heggli 154% (2022: 128%).

The **shares for the 2023 business year** were allocated based on the average of the end of day share prices of week 50/2023, i. e., CHF 117.44 (2022: week 50/2022 CHF 109.00).

5.5 Compensations of the Executive Board for the 2023 business year within the approved total amount

The Annual General Meeting of 31 March 2022 has approved a maximum compensation for the Executive Board of **TCHF 4 150** for the **2023 business year** (2022: TCHF 4 150). This prospectively approved maximal amount was reached, as explained in section 5.3 and 5.4 above).

5.6 Shareholdings of the members of the Executive Board

The members of the Executive Board participated in the success of the Company in the 2023 business year through their personal shareholdings and they will continue to do so in the future *(see the table in section 3.3 of the Compensation Report, page 156)* The shareholding of Mr. Balzarini was within the applicable CEO share ownership guidelines *(see section 5.1 above).*

6 Compensation-related comments on the reporting year

The compensation principles and the compensations of Board of Directors and Executive Board for the reporting year as described in section 4.2 and section 5.4, respectively, remained unchanged from the previous year.

The maximum amounts of compensations for the Board of Directors and the Executive Board approved by the Annual General Meeting on 31 March 2022 were complied with *(see sections 4.2 and 5.5).*

In the **reporting year,** the Board of Directors decided – on the recommendation of the Compensation Committee at its own discretion and without consulting external advisors – to propose to the Annual General Meeting of 5 April 2023 a lower maximum compensation of CHF 800 000 for the Board of Directors until the Annual General Meeting 2024 (previous year: CHF 1 000 000) and an unchanged maximum compensation of the Executive Board for the 2024 business year of CHF 4 150 000 (previous year: 4 150 000). The reduction in the proposed Board of Directors' compensation was based on a comparatively smaller number of Board members and an unchanged assumption on the number of meetings.

In addition, the Board of Directors has supplemented – on the recommendation of the Compensation Committee, at its own discretion and without consulting external advisors – the basis and calculation formula of the variable, performance-based compensation of the Executive Board as of **1 January 2024** *(see below)* and aligned the previous **fixed compensation of the COO** with that of the CIO. The individual maximum amount of the total compensation owed per calendar year ("Cap") was adjusted accordingly. The employer's contributions to the occupational pension scheme increase when age thresholds are reached and thus reduce the maximum possible performance-based compensations (see section 5.3 above). To ensure that the Caps have the same effect on the performance-related compensation for all members of the Executive Board – regardless of age –, the age thresholds were anticipated by means of Cap harmonisations. The employment contracts with the individual members of the Executive Board were adjusted accordingly by mutual agreement. The **maximum amount** of compensation owed by the employer to the Executive Board per calendar year will thus increase from TCHF 4 150 to **TCHF 4 250.** This maximum amount will also be submitted to the Annual General Meeting of 4 April 2024 for approval for the 2025 business year *(see Proposals to the Annual General Meeting 2024, page 177)*.

The calculation formula of the previous variable, performance-based compensation of the Executive Board was supplemented by an ESG-Factor **as per 1 January 2024** as follows, which is intended to align the performance-based compensation further and long-term with the sustainability goals of the business strategy *(supplement in orange)*:

Performance-based compensation = [K × (1.60 × $EPS^{w/o\ \Delta RE}$ + 0.40 × $EPS^{\Delta RE}$ + 2.00 × $\Delta EPS^{w/o\ \Delta RE}$)] × E

Legend:

K	= Individual Factor according to the employment contract
$EPS^{w/o\ \Delta RE}$	= EPS excluding gains/losses on real estate investments
$EPS^{\Delta RE}$	= Contribution of gains/losses on real estate investments to the EPS
$\Delta EPS^{w/o\ \Delta RE}$	= Difference in EPS excluding gains/losses on real estate investments compared to the previous year
E	= Factor of 0.8, 0.9, 1.0 or 1.05 ("E-Factor")

The **relevant E-Factor** of 0.8, 0.9, 1.0 or 1.05 depends on whether in the relevant year **defined conditions** on outstanding Green Bonds and Sustainability-Linked Loans of the Company and/or on a future green equity status for the shares of the Company listed on the SIX Swiss Exchange are met. The conditions are defined based on the Company's Green Finance Policy or future SIX Swiss Exchange requirements for qualification as green equity. Whether they are met will be determined as soon as possible before the end of the year based on the information available at that time, for the first time at the end of 2024. Material changes to the basis of the Green Finance Policy due to external reasons are reserved. There is also a charge-back clause if fundamental information later proves to be inaccurate or incomplete.

The E-Factor of 0.8 or 0.9 means a malus for each year if the Green Bond and the Sustainability Linked-Loan conditions are not fulfilled or only one of the two conditions is fulfilled, respectively. If both conditions are fulfilled, the E-factor is 1.0. The E-factor of 1.05, on the other hand, means a bonus if the green equity condition is also fulfilled **in addition** to the two conditions mentioned. This will be reported in detail in the 2024 Compensation Report.

The addition of the E-Factor described above to the existing calculation formula, which is mainly based on EPS and EPS excl. gains/losses on real estate investments, is intended to ensure that the sustainability targets of the company in relation to its Green Asset Portfolio, as set out in the Green Bond Framework, are also met in the long term *(see regarding the green finance approach and the Green Asset Portfolio the Sustainability Report, page 284 f.).*

After the end of the reporting year, the Board of Directors decided – on the recommendation of the Compensation Committee, at its own discretion and without consulting external advisors – to increase the Board of Directors' compensation for all members by CHF 10 000 each for the year of office as from the Annual General Meeting 2024 *(see section 4.2 above)*. Accordingly, and because of the nomination of an additional member of the Board of Directors, a slightly higher maximum amount of compensation for the Board of Directors of **CHF 900 000** (previous year: CHF 800 000) until the Annual General Meeting 2025 will be proposed to the Annual General Meeting 2024.

Proposals to the Annual General Meeting 2024

The Board of Directors will submit the following compensation-related proposals to the Annual General Meeting of Thursday, 4 April 2024. Details will be stated in the invitation to the Annual General Meeting, which will govern in any event.

1 Approval of the maximum total amount of compensation for the Board of Directors until the Annual General Meeting 2025

The Board of Directors will propose to the Annual General Meeting 2024 to approve the maximum total amount of compensation for the Board of Directors from the Annual General Meeting 2024 **until the Annual General Meeting 2025 in the amount of CHF 900 000** (previous period: CHF 800 000).

The **maximum total amount** is based on the **sum of the fixed compensations** of all members of the Board of Directors (including the Chairman) proposed for election and the **potential additional amounts** payable to members arriving from abroad and on the assumption of eight board meetings during the term of office.

2 Approval of the maximum total amount of compensation for the Executive Board for the 2025 business year

The Board of Directors will propose to the Annual General Meeting 2024 to approve the maximum total amount of compensation for the Executive Board **for the 2025 business year in the amount of CHF 4 250 000** (previous period: CHF 4 150 000).

The maximum total amount is based on the **sum of the individual caps of the maximum compensations payable** to the current members of the Executive Board **per calendar year** as contained in their employment contracts. This sum has increased by comparatively CHF 100 000 because of the increase of an individual fixed compensation as of 1 January 2024 and the harmonization of the individual maximum amounts (Caps) of compensations *(see section 6, Compensation-related comments on the reporting year, page 174 ff.).*

The actual compensations for the 2025 business year will be established based on the employment contracts and the 2025 business year results. They will be shown in detail in the 2025 compensation report, which will be submitted to the Annual General Meeting 2026 for approval by way of non-binding advisory vote.

Corporate Governance

Corporate Governance

This Corporate Governance report shows, unless indicated otherwise, the situation at 31 December 2023. It contains the information required by the Directive of 29 June 2022 of the SIX Exchange Regulation on Information relating to Corporate Governance ("DCG") and in general follows its structure. *(The DCG is available under https://www.ser-ag.com/en/topics/corporate-reporting.html).*

As of 1 January 2023, the revised Stock Corporation Law came into force. The Annual General Meeting of 5 April 2023 approved the proposed amendments to the Articles of Association to comply with the new law. As of 31 December 2023, the Articles of Association of 5 April 2023 (the "Articles" or "AoA")[1] will therefore apply. The Articles of Association and the Organisational Regulations of the Company of 4 May 2023 on the basis thereof are available on the Company's website at *https://www.psp.info/en/company/governance/corporate-governance*.

1 Group structure and shareholders

1.1 Group structure

1.1.1 Operational structure

The PSP Swiss Property Group has, as in the previous year, three business segments: Real Estate Investments, Property Management and Holding (e. g., Corporate Functions) *(see, note 4 on page 80 ff. of the consolidated financial statements).*

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

The Board of Directors has delegated the management of the operational business to the Executive Board within the framework of the law, the Articles of Association, the Organisational Regulations and the competency regulations *(see section 3 ff.)*. As in the previous year, the Executive Board consists of the Chief Executive Officer / Chief Financial Officer ("CEO" / "CFO"), the Chief Investment Officer ("CIO") and the Chief Operating Officer ("COO"). Information on the areas of responsibilities and the individual members of the Executive Board can be found in section 3.6 and section 4.1, respectively.

1.1.2 Listed Holding Company

Listed Holding Company

Company	PSP Swiss Property Ltd
Registered Office	Zug, Switzerland
Listing	SIX Swiss Exchange, Zurich
Market Capitalisation 31 December 2023	CHF 5.394 billion
PSP shares held by subsidiaries	0%
Symbol	PSPN
Security Number	1829415
ISIN	CH 0018294154

1.1.3 Non-listed participations

The non-listed participations are stated in note 3.5 on page 140 of PSP Swiss Property Ltd's annual financial statements.

1.2 Significant shareholders as at 31 December 2023

Information on significant shareholders (shareholdings > 3%) is provided if and to the extent known to the Company and/or in accordance with the disclosure notifications on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange. The disclosure notifications are made in accordance with Art. 120 et seq. of the Financial Market Infrastructure Act (FMIA) and the provisions of the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIO). The disclosure notifications are available at *https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#*.

There were no disclosure notifications in the reporting year.

The following significant shareholders are known by the Company:

(a) **UBS Fund Management (Switzerland) AG,** Basel, Switzerland, to the extent of 5.09% of the voting rights, pursuant to ***the latest disclosure notification on 10 August 2021.*** There was no disclosure notification in the reporting year.

(b) **Credit Suisse Funds AG,** Zurich, Switzerland to the extent of 5.2% of the voting rights, pursuant to ***the latest disclosure notification on 14 November 2019.*** There was no disclosure notification in the reporting year.

(c) **BlackRock, Inc.,** New York, N.Y., United States of America, to the extent of 5.86% of the voting rights (purchase positions) respectively 0.09% (sale positions), pursuant to ***the latest disclosure notification on 2 September 2017.*** There was no disclosure notification in the reporting year.

There is no nominee exempt from reporting requirements known with above 3% of the voting rights (31 December 2022: Chase Nominees Ltd, London, United Kingdom, 6.02%).

1.3 Cross-shareholdings

As at 31 December 2023, there were no cross-shareholdings.

1.4 Shareholders as at 31 December 2023

Distribution of PSP shares

Number of registered shares	Registered shareholders		Registered shares		Non-registered shares		Total number of issued shares
	Number	%	Number	% issued shares	Number	% issued shares	
1 to 1 000	5 295	85.53	1 205 026	2.63			
1 001 to 10 000	624	10.08	1 914 263	4.17			
10 001 to 100 000	218	3.52	6 812 567	14.85			
100 001 to 1 000 000	50	0.81	11 813 929	25.76			
1 000 001 to 1 376 036	3	0.05	3 640 405	7.94			
1 376 037 (3%) to 2 293 394	1	0.02	1 402 188	3.06			
2 293 395 (5%) and above							
Total registered shareholders/shares	**6 191**	**100.00**	**26 788 378**	**58.41**			
Total non-registered shares					**19 079 513**	**41.60**	
Total							**45 867 891**

Registered shareholders and shares	Registered shareholders		Registered shares	
	Number	%	Number	%
Individuals	5 435	87.79	2 888 027	10.78
Legal entities	756	12.21	23 900 351	89.22
(thereof nominees/trustees)	*(46)*	*(0.74)*	*(3 735 667)*	*(13.95)*
Total	**6 191**	**100.00**	**26 788 378**	**100.00**
Switzerland	5 801	93.70	22 346 979	83.42
Europe (excluding Switzerland)	327	5.28	3 268 681	12.20
North America	23	0.37	1 076 797	4.02
Other countries	40	0.65	95 921	0.36
Total	**6 191**	**100.00**	**26 788 378**	**100.00**

1.5 Own shares

As at 31 December 2023, the Company did not hold own shares.

2 Capital structure

2.1 Share capital as at 31 December 2023

Share capital	Total	Number of registered shares	Nominal value per share
Share capital	CHF 4 586 789.10	45 867 891	CHF 0.10

As part of the revision of the Articles of Association, the Annual General Meeting of 5 April 2023 resolved **to cancel** the conditional share capital (as at 31 December 2022: conditional share capital of a maximum of 2 000 000 fully paid-up registered shares with a nominal value of CHF 0.10 each, corresponding to a maximum of CHF 200 000 or 4.36% of the share capital of CHF 4 586 789.10).

The Company therefore had no conditional share capital or capital band as at 31 December 2023.

2.2 Changes of capital during the last three financial years

	Number of registered shares	Nominal value per share in CHF	Nominal value in CHF 1 000
Issued, fully paid-in share capital at 31 December 2021	45 867 891	0.10	4 587
Issued, fully paid-in share capital at 31 December 2022	45 867 891	0.10	4 587
Issued, fully paid-in share capital at 31 December 2023	45 867 891	0.10	4 587
Conditional share capital at 31 December 2021	2 000 000	0.10	200
Conditional share capital at 31 December 2022	2 000 000	0.10	200
Conditional share capital at 31 December 2023[2]		0.10	

2 See on the cancellation of the conditional share capital section 2.1.

2.3 Shares, participation certificates, bonus certificates

The 45 867 891 issued registered shares with CHF 0.10 nominal value each are fully paid in. Each share – except for treasury shares held by the Company – carries the right to dividend payments. Voting rights are described in section 6.1.1. No preferential rights or similar rights are granted.

As at 31 December 2023, no participation certificates or bonus certificates were issued.

2.4 Restrictions on the transferability of registered shares

The registered shares of the Company are issued as uncertificated securities and administered in the form of intermediated securities. The transfer of registered shares held as intermediated securities is governed by the provisions of the Intermediated Securities Act and the Articles of Association. The Company keeps a share register in which shareholders and usufructuaries are entered. Only those persons who are validly entered in the share register shall be deemed to be shareholders or usufructuaries vis-à-vis the Company. Purchasers of registered shares shall upon request be entered in the share register without limitation as shareholders with voting rights if they expressly declare that they have acquired these registered shares in their own name and for their own account. The transfer restrictions pursuant to Article 7 (3) ff. of the Articles of Association[3] remain reserved *(see section 2.5)*. For the transferability of the registered shares, reference is made to Article 6, Shares, Transfer of Shares, and Article 7 (1) and (2), Share Register, Nominees, of the Articles of Association.

2.5 Nominee registrations

As regards nominee registrations, see Article 7 (3) to (5) of the Articles of Association:

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

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

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

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

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

As at 31 December 2023, there were no agreements with nominees regarding registration requirements and disclosure obligations, respectively (31 December 2022: one agreement with a nominee regarding registration requirements and disclosure obligations, respectively, which adopted the provisions of Article 7 (3) of the Articles of Association).

2.6 Convertible bonds and options

As at 31 December 2023, neither convertible bonds nor options were outstanding.

3 Board of Directors

At the Annual General Meeting of 5 April 2023, Mr. Aviram Wertheim did not stand for re-election. All other members of the Board of Directors were re-elected by the Annual General Meeting as proposed. The Board of Directors thus comprises five members.

All members are non-executive and independent in the sense of the Swiss Code of Best Practice for Corporate Governance in the 2023 version of economiesuisse. No member of the Board of Directors was a member of the Executive Board of PSP Swiss Property or its subsidiaries in the three years preceding the 2023 business year. Furthermore, there were no material business relationships between the members of the Board of Directors and PSP Swiss Property Ltd or any of its subsidiaries.

The functions of the members of the Board of Directors in other companies pursuant to Art. 734e CO and Art. 626 para. 2 item 1 CO are disclosed in the Compensation Report in section 3.4 on page 157.

The Board of Directors will propose Ms. Katharina Lichtner for election as a new member of the Board at the Annual General Meeting of 4 April 2024. Information on Ms. Lichtner can be found at *https://www.psp.info/en/company/governance/board-of-directors-executive-board*.

3.1 Composition of the Board of Directors

Luciano Gabriel	**First election by the Annual General Meeting 4 April 2007** *Chairman of the Board of Directors (since 2017)*
Henrik Saxborn	**First election by the Annual General Meeting 9 April 2020** *Vice Chairman of the Board of Directors (since 2022)* *Chair of the Compensation Committee (since 2022)* *Chair of the Nomination Committee (since 2022)*
Adrian Dudle	**First election by the Annual General Meeting 3 April 2014** *Chair of the Audit Committee (since 2022)* *Member of the Compensation Committee (since 2016)* *Member of the Nomination Committee (since 2018)*
Corinne Denzler	**First election by the Annual General Meeting 31 March 2016** *Member of the Nomination Committee (since 2018)* *Member of the Compensation Committee (since 2022)*
Mark Abramson	**First election by the Annual General Meeting 31 March 2022** *Member of the Audit Committee (since 2022)*

3.2 Members of the Board of Directors

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

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

Professional activity: Since 2017, Mr. Gabriel is non-executive Chairman of the Board of Directors of PSP Swiss Property Ltd. He has served as Delegate of the Board of Directors and Chief Executive Officer of PSP Swiss Property Ltd since 2007 and previously as Chief Financial Officer (from 2002). From 1998 to 2002, Mr. Gabriel was responsible for corporate finance and treasury at group level at Zurich Financial Services. From 1984 to 1998 he worked for Union Bank of Switzerland in Zurich, London and Milan in various and also leading functions in the areas of corporate finance, risk management, international credit business and business development.

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Gabriel did perform, as at 31 December 2023, the following activities or functions which are subject to disclosure in accordance with the DCG: Member of the Board of Directors of the real estate asset manager COIMA SGR S.p.A., Milan, ITA, of the real estate company Peninsula Real Estate Ltd, Dubai, UAE, and of the real estate company Swiss Finance & Property UK Ltd, London, GBR, as well as Member of the Board of Directors of the association Verband Immobilien Schweiz VIS, Bern, Switzerland.

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

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

Professional activity: Mr. Saxborn has been an independent consultant and Board member since 2022. He was CEO of Castellum AB, Gothenburg, Sweden, from 2013 until October 2021 and previously Deputy CEO (from 2006). Previously, Mr. Saxborn held various positions in asset management and consulting in the real estate sector, including Managing Partner at NIAM AB, Stockholm, Sweden (from 2000) and Newsec Asset Management AB, Gothenburg, Sweden (1999) and Head of Asset Management at Westpartner AB, Gothenburg, Sweden (from 1994).

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Saxborn did perform, as at 31 December 2023, the following activities or functions which are subject to disclosure in accordance with the DCG: Member of the Board of Directors of AP7, Stockholm, Sweden, a Swedish governmental pension fund, Member of the Board of Directors of AMF Fastigheter, Stockholm, Sweden, a wholly owned subsidiary of the occupational pension company AMF, and Chairman of the Board of Directors of the real estate company Annehem Fastigheter AB, Ängelholm, Sweden, listed at Nasdaq Stockholm.

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

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

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

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Dudle did perform, as at 31 December 2023, the following activities or functions which are subject to disclosure in accordance with the DCG: Co-Chairman of Smiling Gecko Switzerland, a non-profit association domiciled in Dübendorf, Switzerland.

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

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

Professional activity: Ms. Denzler is Managing Director of the Dementia Research Switzerland – Synapsis Foundation, Zurich, since July 2021. She was General Manager of the Chenot Palace in Weggis from March 2020 to February 2021 and Chief Executive Officer of the Tschuggen Hotel Group with hotels and spas in Ascona, Arosa and St. Moritz from 2008 to 2020. Prior to that, Ms Denzler served as the Tschuggen Group's Spa Director (2005 to 2008) and was a member of the Executive Board of Grand Resort Bad Ragaz (1998 to 2005). From 1995 to 1998, she served as Director of Swiss Snowsports School Davos and ran her own catering business in Gossau between 1993 and 1995. Prior to that, Ms. Denzler held various positions in the Swiss hotel industry since 1985.

Other activities and vested interests: In addition to her mandate at PSP Swiss Property Ltd, Ms. Denzler performed, as at 31 December 2023, the following activities or functions which are subject to disclosure in accordance with the DCG: Member of the Board of Directors of St. Moritz Tourismus AG, St. Moritz, Switzerland.

Mark Abramson, 1970, USA and IL, Tel Aviv, MA in Economics, independent, non-executive member.

Education: BA in Political Economics, Johns Hopkins University, Baltimore, USA (1990); MA in Economics, American University, Washington D.C., USA (1991); post-graduate studies in International Public Policy, University of Maryland, Maryland, USA (1992–1994).

Professional activity: Mr. Abramson is since 2017 an independent consultant and advisor to private and publicly traded real estate investment firms and companies and in this capacity inter alia managing director of Tovana Investment Advisors GmbH, Frankfurt, Germany. From 2017 to 2020, Mr. Abramson was an independent, non-executive member of the Board of Directors of Echo Investment SA, Kielce, Poland, a publicly listed Polish developer in the office, commercial and residential real estate sectors. From 2005 to 2017, Mr. Abramson was working in Munich, Germany – most recently as partner and co-head of the public equity investment management business – for Heitman LLC, Chicago, USA, a large global real estate investor. Prior to that he was from 1994 to 2005 – most recently in the position of a Senior Managing Director – working at Bear Stearns & Co., Inc. (now JP Morgan) as an equity research analyst in New York, USA, London, England, and Sao Paulo, Brazil.

Other activities and vested interests: In addition to his mandate at PSP Swiss Property Ltd, Mr. Abramson did perform, as at 31 December 2023, the following activities or functions which are subject to disclosure in accordance with the DCG: Member of the Regulatory/Taxation Committee of the European Public Real Estate Association (EPRA), Brussels, Belgium.

3.3 Rules in the Articles of Association on the number of permissible activities of the members of the Board of Directors

Article 25 (5) of the Articles of Association regulates the number of permissible activities of the members of the Board of Directors in accordance with Art. 626 para. 2 item 1 CO as follows:

"(5) The members of the Board of Directors may not hold more than 12 additional mandates, of which no more than 6 may be in publicly listed companies.
...
Mandates are defined as activities which members of the Board of Directors, of the Executive Board and the Advisory Board take on in a comparable function in other companies with a commercial purpose. Mandates in companies which are under common control are counted as one mandate.

These restrictions do not include mandates with companies controlled by the Company or controlling the Company.

No member of the Board of Directors or the Executive Board may hold more than 3 comparable functions in organisations without commercial purpose, such as non-profit associations and foundations or other non-profit organisations."

3.4 Elections and terms of office

All members of the Board of Directors are elected individually by the Annual General Meeting for a term of office of one year until the next Annual General Meeting. For the first election of the members of the Board of Directors by the Annual General Meeting, see section 3.1.

As at 31 December 2023, there were no term limits.

The Articles of Association do not provide for any rules on the appointment of the Chairman and the independent shareholder representative that deviate from the legal provisions.

If the Compensation Committee is not fully composed, the Articles of Association provide for the Board of Directors to appoint the missing members itself if the number of remaining members elected by the General Meeting falls below the statutory minimum of two members *(see Article 22 (3) of the Articles of Association[3])*.

3.5 Internal Organisation

The General Meeting elects the Chairman of the Board of Directors. The Board of Directors elects a Vice Chairman from among its members *(Article 20 (1) Articles of Association[3], see sections 3.1 and 3.5.1)*. The Board of Directors has appointed several committees, whereby the Compensation Committee is provided for by law *(see section 3.5.1 f. below)*.

The Board of Directors has delegated the management and representation of the Company to the Executive Board in accordance with the Organisational Regulations. Exceptions to this are tasks which are non-transferable and inalienable by law, which are incumbent on the General Meeting, or which are reserved for the Board of Directors in the Organisational Regulations. For the key features of the allocation of tasks between the Board of Directors and the Executive Board, see section 3.6.

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

3.5.1 Allocation of tasks within the Board of Directors

Unless otherwise provided by law, the Articles of Association, the Organisational Regulations or Board resolutions, **the Board of Directors acts as a body.** It may assign the preparation and execution of its resolutions or the supervision of certain business transactions to some or several of its members or committees, whereby only the Compensation Committee is provided for by law.

Based on the law, the Articles of Association and the Organisational Regulations, the Board of Directors has formed an **Audit Committee** and a **Nomination Committee** in addition to the **Compensation Committee** provided for by law. Their tasks and working methods are set out in the respective regulations of the Board of Directors. In principle, the committees are only active in an advisory or preparatory capacity and perform their duties as an overall body. The individual members have no personal powers and cannot issue orders. The overall responsibility for the tasks assigned to the committees remains with the Board of Directors. The committees form their own judgement and submit recommendations for the attention of the Board of Directors, which makes the final assessment and decision. The chairs of the committees are responsible for keeping regular contact with the Chairman of the Board of Directors and keeping him informed of all important matters of the Company in a timely manner. They shall ensure the proper reporting and, if necessary, the submission of proposals to the Board of Directors. All members of the Board of Directors have access to the minutes of the committees *(For the Committees, see also section 3.5.2)*.

The **Chairman of the Board of Directors** has the duties assigned to him by law, the Articles of Association and the Organisational Regulations. This includes in particular the preparation, convening and chairing of Board meetings and General Meetings, the determination of appropriate measures in the event of conflicts of interest, regular contacts with the CEO as well as the coordination with the CEO on transactions which the CEO decides in consultation with the Chairman *(see also section 3.6 on the delimitation of competences between the Board of Directors and the Executive Board)*.

The **Vice-Chairman of the Board of Directors** represents the Chairman and assumes his duties if the Chairman is unable to attend or abstains from attending (recusal).

PSP Swiss Property aims at a **Board composition** ensuring the presence of skills which are relevant for its business sector and long-term strategic orientation. Priority is given to professionals with proven practical, rather than pure academic, experience. The majority of Board members must rely on a good understanding of the international and Swiss economic environment, with particular attention to sector and regional trends and their implication for the real estate market. At least one Board member should have been five years or longer in a senior corporate management position. This is particularly relevant with regard to the ability to assess the quality of management and corporate governance. Among the Board members there must also be professionals with solid background in accounting and finance/capital markets and with expertise in corporate law, particularly mergers and acquisitions.

The **individual members of the Board of Directors** have the following special competencies: Mr. Luciano Gabriel, as Chairman, contributes his real estate expertise and financing know-how as well as his management expertise. Mr. Henrik Saxborn adds his management and real estate expertise. Mr. Mark Abramson supports the Board of Directors in strategic and investor and real estate issues and with his knowledge and experience in finance and accounting, Mr. Adrian Dudle in matters of law and compliance, communication and with his knowledge and experience in finance and accounting, and Ms. Corinne Denzler with her experience in special real estate and real estate projects.

Ms. Katharina Lichtner, nominated for election at the Annual General Meeting 2024, will be able to contribute her executive leadership experience and to strengthen the Board in the areas of corporate finance, ESG as well as real estate market analysis.

3.5.2 Committees of the Board of Directors

a) Audit Committee

The members and the Chair of the Audit Committee shall be appointed by the Board of Directors. The Chairman of the Board of Directors shall not be the Chair of the Audit Committee. The Chair and/or the majority of the members shall be experienced in finance and accounting or auditing by virtue of their training or experience or be financial experts. The Audit Committee consists of the following two members of the Board of Directors. Mr. Adrian Dudle is the Chair.

	Committee Member since:
Adrian Dudle, Chair	3 April 2014
Mark Abramson	2 May 2022

The Audit Committee basically acts in an **advisory or preparatory capacity.** In particular, the Audit Committee makes recommendations to the Board of Directors regarding the approval of the (consolidated) annual, half-year and quarterly financial statements and with regard to the assessment of the effectiveness of the audit, of the performance, of the fees and of the independence of the Auditors. For the corresponding control function vis-à-vis the Auditors, in particular in respect to non-audit services of the Auditors, if any, see section 8.4.

The Board of Directors may entrust the Audit Committee with further preparatory or supervisory tasks, namely with the assessment of audit reports, management letters and any resulting findings or recommendations of the Auditors as well as the monitoring of the implementation of recommendations of the Auditors.

b) Nomination Committee

The members and the Chair of the Nomination Committee shall be appointed by the Board of Directors. The Chairman of the Board of Directors shall not be the Chair. The Nomination Committee consists of the following three members of the Board of Directors. Mr. Henrik Saxborn is the Chair.

	Committee Member since:
Henrik Saxborn, Chair	2 May 2022
Corinne Denzler	26 February 2018
Adrian Dudle	26 February 2018

The Nomination Committee acts in an **advisory or preparatory capacity.** It supports the Board of Directors in its relevant decisions in connection with the nomination of candidates for election and re-election to the Board of Directors and examines the principles and criteria for their selection. Assessment criteria are the structure, size and composition of the Board of Directors – in particular with regard to skills, knowledge, experience and diversity –, the independence of the Board of Directors – in particular against the background of possible permanent conflicts of interest –, and the availability of the members of the Board of Directors with regard to the number of additional mandates they hold outside the Company.

The Board of Directors may entrust the Nomination Committee with other preparatory tasks, namely in connection with the selection and assessment of candidates for Board Committees or the Executive Board.

c) Compensation Committee

The members of the Compensation Committee are elected annually by the General Meeting in individual elections. Only members of the Board of Directors are eligible for election. The Compensation Committee constitutes itself in accordance with the Articles of Association *(Article 22 (2) of the Articles of Association[3])* and elects a Chair. The following three members of the Board of Directors belong to the **Compensation Committee.** Mr. Henrik Saxborn is the Chair.

	Committee Member since
Henrik Saxborn, Chair	2 May 2022
Adrian Dudle	31 March 2016
Corinne Denzler	2 May 2022

The Compensation Committee acts in an advisory or preparatory capacity. Its tasks are governed by Article 22 (4) of the Articles of Association and are adopted and detailed accordingly in a regulation of the Board of Directors for the Compensation Committee.

The Compensation Committee prepares the resolutions of the Board of Directors on the compensation of the members of the Board of Directors and the Executive Board. In accordance with Article 22 (4) of the Articles of Association, it submits proposals to the Board of Directors in particular for:

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

The Board of Directors may assign further preparatory tasks to the Compensation Committee in accordance with Article 22 (6) of the Articles of Association and, in particular, entrust it with supporting the Board of Directors in its relevant resolutions in connection with the fundamentals of the compensation policy and system as well as proposing any necessary changes.

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

3.5.3 Work method of the Board of Directors and its Committees

a) Board of Directors

The **Board of Directors** shall meet at the invitation of its Chairman or the Vice-Chairman or other member representing him as often as business requires, but at least four times a year. Meetings may also be held by electronic means and resolutions may also be passed by circular decisions in writing or electronically, in particular by e-mail. At the invitation of the Chairman, members of the Executive Board and/or other persons may attend meetings of the Board of Directors in an advisory or non-advisory capacity. The quorum shall be a majority of the members of the Board of Directors attending or, in the case of resolutions passed by circular decision, voting. Resolutions shall be passed by a majority of the votes cast. In the event of a tie, the Chairman shall have the casting vote. The minutes of the meetings of the Board of Directors shall be taken by the secretary and the resolutions passed by circular decision shall be recorded in the minutes of the next meeting.

The Chairman of the Board of Directors is in regular contact with the Chief Executive Officer (CEO) and ensures that he is continuously informed about all important business from the outset. The CEO informs the Chairman of the Board of Directors – and, if necessary, also directly the other members of the Board of Directors – outside the meetings not only about extraordinary events, but also about other major events and/or events that are likely to attract publicity *(see section 3.6)*.

In the **reporting year,** four ordinary meetings of the Board of Directors were held, lasting on average two hours, and one extraordinary meeting in connection with the nomination of an additional member of the Board of Directors for election at the Annual General Meeting 2024. The attendance rate of the Board of Directors was 100%. All ordinary meetings were attended by the CEO / CFO, the CIO and the COO. No external advisors were brought in. There was one property tour following one Board of Directors meeting.

Regarding the participation of members of the Executive Board and the Auditors in the meetings of the Board of Directors and its committees in the reporting year, see also section 3.6 and section 8.4 below.

b) Audit Committee

The **Audit Committee** meets at the invitation of its Chair and as often as business requires, but at least quarterly prior to the publication of annual, half-year and quarterly financial statements and prior to the resolution on the proposal to the General Meeting for the (new or re-)election of the Auditors. At the invitation of the Chair, other members of the Board of Directors, the Executive Board and the Auditors as well as internal specialists and/or external advisors may attend meetings of the Audit Committee – with or without an advisory vote. As a rule, the CFO shall attend each meeting. The Audit Committee shall have access to all members of the Executive Board and the Lead Auditor. The Chairman regularly exchanges views with the Lead Auditor, at least once a year without the participation of the Executive Board. At the invitation of the Chair, other members of the Board of Directors and the Audit Committee and/or external advisors may take part in these exchanges.

In the **reporting year,** the Audit Committee met four times, with meetings lasting an average of half an hour. The attendance rate of the Audit Committee was 100%. All meetings were attended by the CEO / CFO and the COO. The Audit Committee was not entrusted with any additional preparatory tasks and no external advisors were consulted. The Chair of the Audit Committee met with the Lead Auditor in view of the respective upcoming 2022 annual financial statements, Q1 quarterly financial statements, half-year financial statements and the Q1–Q3 quarterly financial statements prior to the Audit Committee meetings and without the participation of a member of the Executive Board. For the participation of the Auditors in the meetings of the Audit Committee, see section 8.4.

c) Nomination Committee

The **Nomination Committee** meets at the invitation of its Chair and as often as business requires, at least for the preparation of the proposals to the General Meeting about the elections to the Board of Directors. At the invitation of the Chair, other members of the Board of Directors, members of the Executive Board and the Auditors as well as internal specialists and/or external consultants may attend the meetings with or without an advisory vote.

In the **reporting year,** the Nomination Committee met three times to prepare the proposal to the Annual General Meeting 2024 for the election of the Board of Directors, with the meetings lasting an average of 20 minutes. The members of the Nomination Committee also dealt with this dossier outside the meetings and conducted interviews in this respect. The attendance rate at the Nomination Committee meetings was 100%. The Nomination Committee was not entrusted with any additional preparatory tasks and no external advisors were consulted.

d) Compensation Committee

The **Compensation Committee** meets at the invitation of its Chair and as often as business requires, at least for the preparation of the proposals to the General Meeting about the compensation report and the compensations of the Board of Directors and the Executive Board. The Compensation Committee may invite other persons and external advisors to attend its meetings in an advisory capacity. At the invitation of the Chair, the Chairman of the Board of Directors and the CEO may attend the meetings. The other members of the Board of Directors and the members of the Executive Board generally do not attend the meetings of the Compensation Committee.

In the **reporting year,** the Compensation Committee met four times, with an average meeting duration of half an hour. The attendance rate at the Compensation Committee meetings was 100%. The Chairman of the Board of Directors was invited to attend three meetings in an advisory capacity. The Compensation Committee was not entrusted with any additional preparatory tasks and no external advisors were consulted. For the activities of the Compensation Committee about the adjustment of the compensation and the employment contracts of the Executive Board, see section 6, Compensation-related activities in respect to the reporting year, on page 174 ff. of the Compensation Report.

3.6 The areas of responsibility of the Board of Directors and the Executive Board

The allocation of responsibilities between the Board of Directors and the Executive Board is laid down in the law, the Articles of Association and the Organisational Regulations of 4 May 2023 and its competency regulations. The Organisational Regulations are available at *https://www.psp.info/en/company/governance/corporate-governance*.

The **Board of Directors** is responsible for the ultimate direction of the Company, the determination of the organisation and the ultimate supervision of the Executive Board. It decides on all matters that are not assigned to the General Meeting by law or the Articles of Association or transferred to the Executive Board in the Organisational Regulations. In particular, the Board of Directors shall determine the division of duties according to business areas and functions and their allocation to the individual members of the Executive Board. These business areas and functions are set out at *https://www.psp.info/en/company/about-us/organisation*. The Board determines the levels of authority for decisions to be taken by the Chief Executive Officer (CEO) in consultation with the Chairman as well as for decisions to be taken by the CEO on his own authority or by the members of the Executive Board in consultation with the CEO.

The **Chief Executive Officer (CEO)** is the Chair of the Executive Board and is responsible for the management of the Company as well as the management of the staff functions and the front unit's organisation. **As Chief Financial Officer (CFO),** he is also responsible for Treasury/Capital Markets.

The **CEO** decides on all matters of management which are not reserved for (i) the Board of Directors, (ii) the CEO in consultation with the Chairman of the Board of Directors or (iii) the CEO in consultation with the members of the Executive Board by the Organisational Regulations or other regulations, guidelines or directives issued by the Board of Directors. He is in particular responsible for the following tasks:

- Leading, controlling and coordinating the members of the Executive Board reporting to him as well as the other members of management and staff reporting directly to him;
- Preparation and execution of the resolutions of the Board of Directors, in particular regarding the Group strategy;

– Preparation of the allocation and the deployment of the resources (funds and personnel) necessary to achieve the Company's and the Group's goals, including the training and development of personnel and talents;
– Representing the overall interests of the Company and the Group vis-à-vis third parties to the extent that these are not taken care of by the Board of Directors.

The CEO is also responsible for ensuring effective procedures and concepts that enable an appropriate risk assessment as well as an adequate evaluation of the design of the risk management, of the internal controlling as well as of the auditing by the Auditors, in each case for the Company and the Group. He determines the infrastructure required to support him and informs the Board of Directors at its meetings about the current course of business and important business matters. Outside the meetings, he reports extraordinary and serious business matters to the Chairman without delay.

The **Chief Investment Officer (CIO)** is responsible for Real Estate Investments and Property Management, and the **Chief Operating Officer (COO)** for Finance/Operations (excluding Treasury/Capital Markets) subject to specific competencies which are to be decided in consultation with the CEO. The individual members of the Executive Board are responsible in particular for the following tasks:

– Implementation of the overall strategy and development of their business areas in line with the Group's targets and focus;
– Achieving their business area's stated strategic and operational goals;
– Regular reporting to the CEO; at the invitation of the Chairman or the respective Chair, the members of the Executive Board also report directly at the meetings of the Board of Directors or the Board Committees.

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

The Chairman of the Board of Directors is in regular contact with the Chief Executive Officer (CEO) and is informed about all important matters of the Company from the beginning.

At its meetings, the Board of Directors is informed at regular intervals, at least quarterly, and in accordance with the requirements of the quarterly, half-yearly and annual reporting, about the key figures as well as the financial and operational risks of PSP Swiss Property *(for risk management and the risk report, which is prepared twice a year, please refer to the consolidated financial statements, page 73 ff.).* In the reporting year, the risk report also covered data protection as well as conflict minerals and child labour.

The Board of Directors' committees and the Auditors support the Board of Directors in its supervisory function *(for information on the working methods of the Board of Directors' committees, see section 3.5.3, and of the Auditors, see section 8.4).*

As a rule, the members of the Executive Board are present at every ordinary meeting of the Board of Directors and the Chief Financial Officer and the Chief Operating Officer are present at every meeting of the Audit Committee, thus ensuring direct contact and thus proper control. During the reporting year, all members of the Executive Board attended all meetings of the Board of Directors and the Chief Financial Officer and the Chief Operating Officer attended all meetings of the Audit Committee.

Based on a comprehensive risk evaluation and a corresponding strategy, the Board of Directors implemented, in the 2008 business year, an internal control system (ICS) related to financial reporting. The Board of Directors re-evaluates the risks at least once a year and is informed by the Executive Board on the functioning and effectiveness of the ICS.

There are currently no internal auditors. However, the Board of Directors and its Audit Committee are in direct contact with the external auditors and can assign them with special auditing tasks if necessary *(see also section 8.4)*. No special auditing tasks were commissioned in the reporting year.

4 Executive Board

4.1 Members of the Executive Board

The Executive Board consists unchanged of the three previous members:

	Member since:
Giacomo Balzarini, Chief Executive Officer/Chief Financial Officer	1 April 2007
Reto Grunder, Chief Investment Officer	1 January 2020
Martin Heggli, Chief Operating Officer	1 April 2017

Giacomo Balzarini, 1968, CH and IT, Wollerau, lic. oec. publ., MBA, Chief Executive Officer/Chief Financial Officer of PSP Swiss Property (in this position as of 1 April 2017; prior since 1 April 2007 Chief Financial Officer) and Chairman of the Board of Directors of all PSP Swiss Property Ltd subsidiaries.

Education: Mr. Balzarini completed his studies in economics at the University of Zurich in 1996. In 2002 he obtained an MBA from the University of Chicago (Ill., USA).

Professional activity: From mid-1993 to 1996 Mr. Balzarini worked for Union Bank of Switzerland in Zurich in the areas of corporate account management and business development. From 1997 until 2006 he worked at Swiss Reinsurance Company in risk and project management, strategic development, and asset management; his last position at Swiss Reinsurance Company was Managing Director, responsible for building up the company's indirect international real estate portfolio. Mr. Balzarini has worked for PSP Swiss Property since 1 December 2006.

Other activities and vested interests: In addition to his mandates at the subsidiaries of PSP Swiss Property Ltd, Mr. Balzarini did perform, as at 31 December 2023 the following activities or functions which are subject to disclosure in accordance with the DCG: Member of the Board of Trustees of Ernst Göhner Foundation, Zug, Switzerland, Chairman of the Board of Directors of Seewarte Holding Ltd, Zug, Switzerland – which is entirely controlled by Ernst Göhner Foundation – and Vice Chairman of the Board of Directors of Hardturm AG, Zurich, Switzerland, an associate company of Seewarte Holding AG as well as Chair of the Reporting/Accounting Committee of the European Public Real Estate Association (EPRA), Brussels, Belgium.

Reto Grunder, 1974, CH, Adliswil, lic.iur., Attorney-at-Law, MLP-HSG, CAS in Construction and Real Estate Law, Chief Investment Officer (since 1 January 2020) and member of the Board of Directors of all PSP Swiss Property Ltd subsidiaries.

Education: Mr. Grunder studied law at the University of Bern and graduated in 2001 with a licentiate. In 2004, he was admitted to the Bar of the Canton of Bern.

Professional activity: From 2004 to 2007, Mr. Grunder worked as a lawyer in law firms in Biel and Thun. In 2008, he joined PSP Swiss Property as Legal Counsel. He then worked from 2016 as an Asset Manager and has been Head of Acquisition & Sales in 2019.

Other activities and vested interests: In addition to his mandates at the subsidiaries of PSP Swiss Property Ltd, Mr. Grunder did not perform, as at 31 December 2023, any activities or functions which are subject to disclosure in accordance with the DCG.

Martin Heggli, 1977, CH, Mettmenstetten, Swiss Certified Expert for Accounting and Controlling, MAS Accounting & Finance, Chief Operating Officer (as of 1 April 2017) and member of the Board of Directors of all PSP Swiss Property Ltd subsidiaries.

Education: Mr. Heggli obtained his degree as a Swiss Certified Expert for Accounting and Controlling in 2005. In 2009, he graduated from the University of Applied Sciences Zurich, obtaining a Master in Advanced Studies (MAS) in Accounting & Finance.

Professional activity: From 1999 until 2005, Mr. Heggli was responsible for accounting at the real estate trust department of BDO Visura. He started working for PSP Swiss Property in September 2005, initially responsible for merging and organising the accounting department following the merger with REG Real Estate Group and, since 2010, responsible for accounting and financial reporting.

Other activities and vested interests: In addition to his mandates at the subsidiaries of PSP Swiss Property Ltd, Mr. Heggli did not perform, as at 31 December 2023, any activities or functions which are subject to disclosure in accordance with the DCG.

4.2 Rules in the Articles of Association on the number of permissible activities of the members of the Executive Board

Article 25 (5) of the Articles of Association regulates the number of permissible activities of the members of the Executive Board in accordance with Art. 626 para. 2 item 1 CO as follows:

“(5) …

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

Mandates are defined as activities which members of the Board of Directors, of the Executive Board and the Advisory Board take on in a comparable function in other companies with a commercial purpose. Mandates in companies which are under common control are counted as one mandate.

These restrictions do not include mandates with companies controlled by the Company or controlling the Company.

No member of the Board of Directors or the Executive Board may hold more than 3 comparable functions in organisations without commercial purpose, such as non-profit associations and foundations or other non-profit organisations.”

4.3 Management contracts

As at 31 December 2023, there were no management contracts with companies outside the PSP Swiss Property Group.

5 Compensations, shareholdings and loans

5.1 Compensations

5.1.1 Content and determination of the compensations

The amount, basis and elements of the compensations of the Board of Directors and the Executive Board – as well as changes compared to the previous year in particular – are listed in the Compensation Report, page 151 ff., namely in the explanations on the compensation system on pages 161 ff.

Information on the working methods of the Board of Directors and the Compensation Committee as well as on the composition and tasks of the Compensation Committee can be found in sections 3.5.3 and 3.5.2.

In the explanations on the compensation system, page 161 ff., special references are made to the responsibility and procedure for determining the compensations and the allocation of shares to the Executive Board as part of its compensations *(in respect to the latter, see also section 5.2.1.b)*.

5.1.2 Shareholdings

Information on shareholdings of the Board of Directors and the Executive Board are shown in the Compensation Report, section 3.3., page 156.

5.2 Rules on compensations of the Board of Directors and the Executive Board in the Articles of Association

5.2.1 Principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options, as well as to the additional amount for payments to members of the Executive Board appointed after the vote on pay at the General Meeting of shareholders

a) Members of the Executive Board receive a variable, performance-related compensation. In this respect, Article 23 (3) of the Articles of Association provides as follows:
"(3) The members of the Executive Board receive a fixed compensation in cash and a variable, performance- based compensation. With the performance-based compensation, a sustainable maximisation of the net earnings per share (EPS) and of the net asset value

per share (NAV) shall be targeted and honoured. The amount of the performance-based compensation shall be derived from the overall economic results of the Company, whereas the net earnings per share (EPS) exclusive of gains/losses on real estate investments has priority. The performance-based compensation can be paid in cash and/or by granting of equity securities or option rights."

With regard to the variable, performance-based compensation in the reporting year, see the Compensation Report page 153.

b) In respect to the allocation principles of equity securities, convertible rights and options, Article 23 (4) of the Articles of Association provides as follows:
"(4) When granting equity securities or option rights, the amount of compensation equals the value of the securities or rights respectively at the time of allocation. The value will be derived from the stock market price at the day of allocation or an average stock market price of prior trading days. Apart from that, the Board of Directors specifies the terms and conditions of granting and exercising such securities and rights, inclusive of blocked periods and forfeiture clauses, if any."

With regard to the allocation of shares to the members of the Executive Board as part of the variable, performance-based compensation in the reporting year, see the Compensation Report page 153.

c) In respect to the additional amount for payments to members of the Executive Board appointed after the vote on pay at the General Meeting, Article 24 (2) of the Articles of Association provides as follows:
"(2) To the extent that the maximum total amount approved prospectively for the Executive Board is not sufficient to compensate members newly appointed after the respective approval by the General Meeting up to the beginning of the next approval period, the Company may use for the purpose of compensating the new members an additional amount not exceeding 50% of the total amount of compensation approved for the respective approval period. The General Meeting does not vote on the additional amount used."

No additional amount was required in the reporting year.

5.2.2 Loans, credits and post-employment benefits for Board of Directors and Executive Board

a) In respect to loans and credits, Article 25 (4) of the Articles of Association provides as follows:

"(4) Loans and credits, if any, to members of the Board of Directors and the Executive Board shall not exceed 100% of the yearly fixed compensation of the respective person. Advances of legal and similar cost to defend against any liability claims do not constitute loans or credits."

In the reporting year, no loans and credits were granted (see Compensation Report page 155).

b) In respect to post-employment benefits, Article 25 (2) of the Articles of Association provides as follows:

"(2) The members of the Executive Board are insured under employee benefit schemes and receive the benefits in accordance with the respective plans and regulations, inclusive of over-obligatory benefits. The members of the Board of Directors may join such employee benefit schemes, to the extent this is allowed under the respective regulations. The Company pays the employer's contributions to the employee benefit schemes as prescribed by the regulations. In connection with retirements before reaching the orderly pension age, the Company may make bridge payments to the benefit scheme beneficiaries or additional payments to the employee benefit schemes up to a maximum amount of half of the annual fixed compensation which the beneficiary has received in the year before his early retirement."

In respect to the post-employment benefits in the reporting year, see the Compensation Report on page 153.

5.2.3 The vote on pay at the General Meeting

The General Meeting votes on the compensations of the members of the Board of Directors and of the Executive Board in accordance with Article 24 (1) and (3) of the Articles of Association as follows:

"(1) The General Meeting annually approves – based on the proposal of the Board of Directors – separately and with binding effect, the maximum total amounts of compensations for the Board of Directors for the period until the next annual General Meeting and for the Executive Board for the business year following the annual General Meeting (the "approval period"). Within these maximum total amounts, compensations may be paid by the Company itself and/or by one or several other group companies.

[…]

(3) If the General Meeting rejects the approval of a proposed maximum total amount of compensation, the Board of Directors has to call a new General Meeting within six months."

6 Shareholders' participation rights

In the reporting year, the Annual General Meeting was held with the physical participation of the shareholders on 5 April 2023 at the Theater Casino, Zug.

6.1 Voting-rights restrictions and representation in the Articles of Association

6.1.1 Voting-rights restrictions in the Articles of Association

According to Article 14 of the Articles of Association[3], each share confers on the owner or usufructuary thereof entered in the share register as shareholder with voting rights the right to cast one vote. There are no statutory voting-rights restrictions.

6.1.2 Representation in the Articles of Association

The right to attend and to be represented at the General Meeting is governed by Article 12 of the Articles of Association[3]. This provision provides for representation by any representative authorised with a written power of attorney to be submitted to the Company or by the Independent Shareholder Representative.

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

6.1.3 Rules on the issue of instructions to the independent shareholder representative in the Articles of Association

Pursuant to Article 13 (4) of the Articles of Association[3], the Board of Directors determines the requirements for powers of attorney and instructions to the independent shareholder representative and prepares the forms to be used for this purpose. The Company ensures that shareholders can also issue their powers of attorney and instructions to the independent shareholder representative by electronic means. Detailed information on granting powers of attorney and issuing instructions to the independent shareholder representative, in particular also on the use of electronic means, are made available to shareholders in writing together with the invitation to the General Meeting and on the Company's website.

6.1.4 Rules on the electronic participation in the General Meeting in the Articles of Association

Electronic participation in the General Meeting is governed by Articles 10 (6) and 11 of the Articles of Association[3]. The Board of Directors may provide that shareholders who are not present at the place of the meeting may exercise their rights electronically. The general meeting may also be held "virtually", e. g., without a meeting place and only by electronic means.

6.2 Quorums stipulated by the Articles of Association

Statutory quorums that exceed the legal requirements are not required for any resolutions of General Meetings. According to Article 16 (1) of the Articles of Association[3], the General Meeting of Shareholders passes its resolutions and conducts its elections by a majority of the share votes represented, unless otherwise required by law.

6.3 Convening the General Meeting

The convening of the General Meeting and the form of convening are regulated in Article 9 as well as in Article 10 (1), (2) and (5) of the Articles of Association[3] in accordance with the respective legal regulations of Art. 699 f. CO.

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

6.4 Right of shareholders to request the inclusion of an item on the agenda

The inclusion of an item on the agenda is governed by Article 10 (3) of the Articles of Association:

"(3) Up to 35 days before the date of a General Meeting, shareholders who together represent shares with a nominal value of at least CHF 10 000.–, may submit for inclusion on the invitation, agenda items and proposals to agenda items. Together with these agenda items or proposals, shareholders may submit brief explanations which are to be included in the invitation."

Pursuant to Art. 699b para. 1 CO, a threshold of 0.5% of the share capital or the votes respectively applies to the right to submit agenda items and proposals to agenda items for inclusion in the invitation. The statutory threshold in Article 10 (3) of the Articles of Association of "at least CHF 10 000.–" corresponds to a shareholding of 0.21% and thus fulfils the legal requirements. No prior announcement is required to submit proposals within the scope of the agenda items at the General Meeting *(see Article 10 (4) of the Articles of Association[3])*.

In respect to the next Annual General Meeting of 4 April 2024, the 35th calendar day before the date of the General Meeting is Thursday, 29 February 2024.

6.5 Record date for entries in the share register

The record date for entries in the share register regarding participation in the General Meeting shall be designated by the Board of Directors in accordance with Article 12 (1) of the Articles of Association[3]. This record date shall be announced to the shareholders with the invitation to the General Meeting at the latest.

With regard to the Annual General Meeting of Thursday, 4 April 2024, this record date is Wednesday, 27 March 2024.

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

7 Change of control and defence measures

7.1 Duty to make an offer

There are no statutory provisions regarding “opting-out” within the meaning of Art. 125 para. 3 of the Financial Market Infrastructure Act (FMIA) or “opting-up” within the meaning of Art. 135 para. 1 (last sentence) FMIA. Thus, the legal obligation to make an offer in Art. 135 para. 1 FMIA applies: anyone who acquires equity securities directly, indirectly or in concert with third parties and thus, together with the securities he already holds, exceeds the threshold of 33⅓ percent of the voting rights of the company, whether exercisable or not, must make an offer for all listed shares of the company.

7.2 Change of control clauses

There are no change of control clauses.

8 Auditors

8.1 Duration of the mandate and term of office of the Lead Auditor

Ernst & Young AG, Zurich, have been the statutory auditors of the Company and the consolidated group companies since the 2017 business year. According to Article 21 of the Articles of Association[3], the term of office of the Auditors is one year. At the Annual General Meeting of 5 April 2023, Ernst & Young AG, Zurich, was re-elected as Auditors for the 2023 business year.

The lead engagement partner (Lead Auditor) responsible for the audit mandate in the 2023 business year took office with the election of Ernst & Young Ltd, Zurich, by the General Meeting of 5 April 2017. The maximum term of office is determined in accordance with Art. 730a para. 2 CO and lasts seven years. It expires with the completion of the 2023 business year. Subject to the re-election of Ernst & Young AG, a new lead engagement partner (Lead Auditor) will be in charge for the 2024 business year.

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

8.2 Auditors' fees

The audit fees for the reporting year amount to CHF 0.550 million (previous year: CHF 0.552 million). They include the fees for the audits of the annual financial statements 2023 of the Company and its consolidated subsidiaries, the consolidated financial statements 2023 and the Compensation Report 2023 as well as for the reviews of the consolidated interim financial statements, i.e., the half-year financial statements as at 30 June 2023 and the quarterly reports as at 31 March and 30 September 2023.

8.3 Additional fees

For the reporting year, Ernst & Young AG charged CHF 0.138 million in additional fees for non-audit related services for consulting in the area of sustainability reporting, digitalisation, data protection and the audit of the EPRA performance indicators (previous year: CHF 0.131 million for consulting in the area of sustainability reporting, cyber-security assessment and the audit of the EPRA performance indicators).

8.4 Supervisory and control instruments vis-à-vis the Auditors

The Company prepares and publishes annual, semi-annual and quarterly financial statements four times a year, which are audited by the Auditors. The results of these audits are presented and discussed by the Auditors at the meetings of the Board of Directors and the Audit Committee. Representatives of the Auditors attend the respective meetings at the invitation of the chairperson. At the ordinary meeting of the Board of Directors for the quarterly financial statements Q1–Q3, the Auditors present their audit plan with the key audit matters for the financial year ending. In the meeting about the annual financial statements, the results of the audit, namely of the consolidated financial statements and the existence of the internal control system (ICS), are recorded in writing in a comprehensive report and discussed. The Chair of the Audit Committee also liaises with the Lead Auditor if warranted and in good time before each meeting of the Audit Committee and reports on this at its next meeting. The performance, fees and independence of the Auditors are assessed at least annually in connection with the resolution on the proposal to the Annual General Meeting about the (re-)election of the Auditors.

The Audit Committee supports the Board of Directors in assessing the effectiveness of the audit, the interaction with internal finance and accounting and with the external property valuer, as well as the fees and independence of the Auditors. For this purpose, it regularly discusses with the CEO / CFO and COO at its meetings and reports to the Board of Directors. In particular, the Audit Committee assesses for the attention of the Board of Directors the compatibility of the auditing activities with additional non-audit related services, if any, on the basis of the relevant regulation and independently approves non-audit related services up to a defined amount *(for information on the activities of the audit committee, see section 3.5.2.a and 3.5.3.b)*.

In the **reporting year,** the Lead Auditor attended three meetings of the Board of Directors and four meetings of the Audit Committee. The Chair of the Audit Committee also liaised with the Lead Auditor in view of the 2022 annual financial statements, the Q1 quarterly financial statements, the H1 half-year financial statements and the Q1–Q3 quarterly financial statements prior to the respective Audit Committee meeting and without the participation of a member of the Executive Board. No special audit tasks that the Board of Directors or the Audit Committee could entrust the Auditors with were assigned *(see section 3.5.3.b)*.

9 Information policy

PSP Swiss Property Ltd informs its shareholders and the capital market openly, up-to-date and transparent.

Pursuant to Article 28 of the Articles of Association[3], the Company's publication organ is the Swiss Official Gazette of Commerce. Unless the law or the Articles of Association require a specific form, announcements to shareholders shall be made by letter to the addresses entered in the share register, by publication in the Swiss Official Gazette of Commerce or electronically by e-mail.

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

Financial reporting takes the form of quarterly, semi-annual and annual reports. These are prepared in accordance with the IFRS Accounting Standards of the International Accounting Standards Board (IASB) and Swiss law, respectively, and follow the provisions of the Listing Rules of the SIX Exchange Regulation.

The Company publishes the Annual Report including the Compensation Report, Corporate Governance Report, EPRA reporting and Sustainability Report as well as the quarterly and half-year reports on its website. For sustainability reasons, the Company does not print or send the reports by post. However, a short version of the financial reports is sent to shareholders.

The Company provides information on the annual and interim financial statements by Ad hoc announcements and reports on them at physical or telephone media conferences, also with the use of specific financial presentations. In addition, the Company informs its shareholders about the course of business at the Annual General Meeting. It also regularly reports on its sustainability efforts as part of its Green Financing Reporting, namely by publishing the Green Bond Report at the Q1 publication, and it is often represented at financial analyst and investor conferences.

The Company provides information by Ad hoc announcements pursuant to Art. 53 of the Listing Rules, which are available on its website for at least three years, and also by other media releases. The website also offers an information service that allows all interested parties to receive Ad hoc announcements and media releases free of charge and promptly via an e-mail distribution list. The website also publishes further general information on the Company and its Annual General Meeting, namely on the voting results for resolutions and elections.

This information is available on the website of the Company at https://www.psp.info as follows:

- **Articles of Association:**
  https://www.psp.info/en/company/governance/corporate-governance
- **Annual Report 2023 and the Quarterly- and Half-year reports 2023:**
  https://www.psp.info/en/investors/downloads/reports-presentations
- **Financial presentations 2023:**
  https://www.psp.info/en/investors/downloads/reports-presentations
- **Ad hoc announcements and Media releases ("Pull-Link"):**
  https://www.psp.info/en/media/press-releases
- **Information Service (e-mail distribution) for delivery of Ad hoc announcements and Media releases ("Push-Link"):**
  https://www.psp.info/en/investors/investor-relations/information-service
- **Information on Annual General Meetings:**
  https://www.psp.info/en/company/governance/annual-general-meeting
- **Agenda with the publication dates for the annual reports and the quarterly- and half-year reports, the media conferences, the next annual general meeting:**
  https://www.psp.info/en/investors/investor-relations/calendar
- **Agenda with the dates for financial analyst and investor conferences:**
  https://www.psp.info/en/investors/analysts/roadshows

Further information, sources of supply and contacts can be found on the Company's website. The following is an overview of the most important dates and contact addresses:

Agenda

4 April 2024	Annual General Meeting 2024
7 May 2024	Publication Q1 2024
20 August 2024	Publication H1 2024
12 November 2024	Publication Q1–Q3 2024
25 February 2025	Publication FY 2024
3 April 2025	Annual General Meeting 2025

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10 General trading blackout-periods

General trading blackout-periods apply to the Board of Directors, Executive Board and permanent insiders designated by the Company who have access to insider information due to their function or activities and/or participate in the preparation of annual, half-year and quarterly financial statements and corresponding press, analyst or market communications or have substantial knowledge thereof. They last from **the 30th day before – and up to and including – the day of publication of the respective annual, half-year and quarterly results.** Information on the respective blocking periods is provided by e-mail and on the Company's internal website. There are no general exemptions, and no exemptions were granted in the reporting year. In addition, **individual trading blackout-periods** can be imposed on persons who – even if only temporarily – have access to insider information, for example in connection with projects (mergers & acquisitions, capital market transactions, etc.).

Sustainability report

Highlights 2023

CO_2 emissions
We were able to reduce CO_2e emissions per square metre of rental space from 10.3 kg/m^2 in the previous year to 8.9 kg/m^2. This corresponds to a reduction of 13.3%.

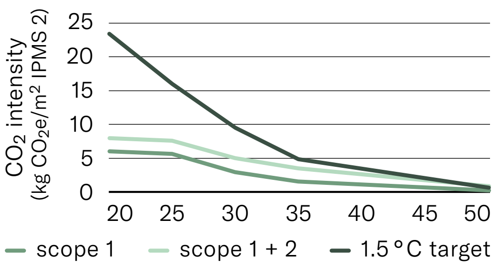
Focus on ergonomics
In 2023, all workstations at all locations were checked for ergonomics and employees were advised accordingly by specialists.

– 13.3%

Green Finance Approach
Since spring 2023, all our bonds and bank loans have been linked to our sustainability strategy and, in particular, our commitment to reducing CO_2 emissions. This emphasises the importance of sustainability as an integral part of our strategy.

1.5 °C target
We have compared our CO_2 reduction pathway with CRREM's 1.5 °C decarbonisation pathway. From today's perspective, we are well on track with our portfolio to make our contribution to the 1.5 °C target ("1.5 °C target aligned").

Reduction pathway – PSP vs. 1.5 °C target



Expansion of photovoltaic capacity

2023 have installed an additional 338 kWp of photovoltaic capacity. In the reporting year, we produced around 1 574 MWh of environmentally friendly solar power with our own photovoltaic systems.

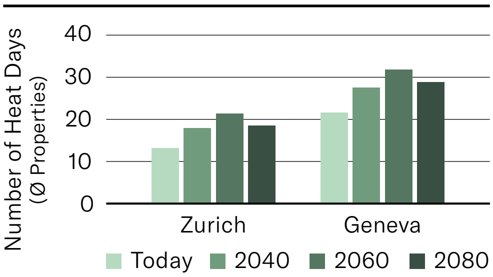
Benchmarks and Awards

Our transparency and good performance in the area of sustainability have also been confirmed by external ratings.

TCFD reporting

We are reporting in accordance with the TCFD (Taskforce on Climate-Related Financial Disclosures) requirements for the first time in this annual report and are communicating more detailed information on our assessment of the physical risks associated with climate change.

Number of Heat Days city comparison: RCP 4.5



Biodiversity

The greening project at Seestrasse 353, Zurich with a special focus on biodiversity was implemented in 2023 and has already received a lot of positive feedback. This pilot project is intended to serve as a template for other biodiversity projects in the portfolio.

Sustainability in our business strategy

Our core business is the letting of commercial properties in Switzerland. This business model with a long-term focus ensures that we recognise our responsibility towards people and the environment as an integral part of our business strategy.

We have been reporting on our sustainability efforts in our annual report for more than ten years. External benchmarks such as CDP or GRESB show us that we are on the right track.

Commercial properties can only be sustainable if they are rented out and provide good rental income in the long term. This also presupposes that the tenants are satisfied and that the rental properties meet changing requirements in terms of property and location quality, price and service. Sustainability is therefore an integral part of our business strategy and is based on our values. Our employees, tenants, business partners, investors as well as the public are crucial stakeholder groups for us. Through openness, transparency and regular dialogue, we strive to receive, reflect on and where appropriate implement their concerns for the success of our Company. More about our values and our dialogue with different stakeholders can be found on our website.
www.psp.info/values

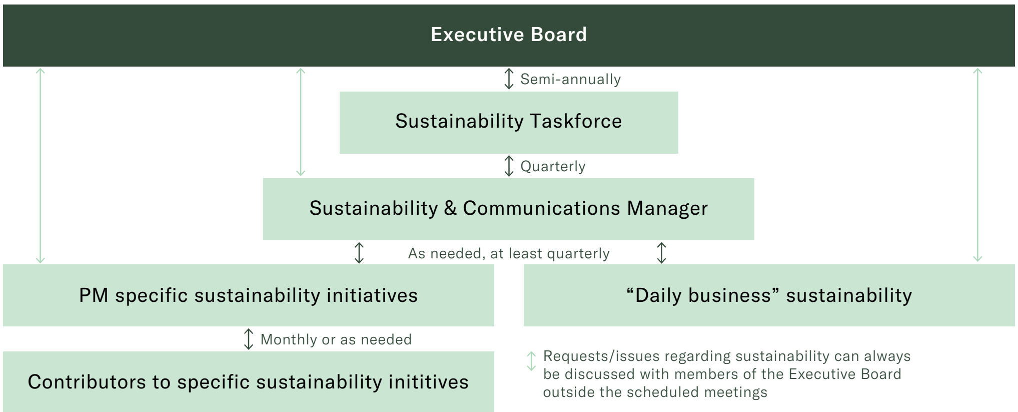
In 2019, we carried out a materiality analysis for the first time and revised it in 2021. We assessed whether the demands of our stakeholders and the effects of our work on the environment and society are reflected appropriately in our business approach. We also considered in which areas we can and must be able to make a meaningful contribution to achieving the UN Sustainable Development Goals (UN SDGs). The analysis resulted in the identification of 12 topics in 4 impact areas, which we have been able to match up with the most important requirements. Further information concerning our materiality analysis can be found on our website.
www.psp.info/sustainability

Our 12 material issues

These form the basis for defining and setting priorities for our sustainability initiatives.

Relevant UN SDGs	Material issue	Impact area	Impact area	Material issue	Relevant UN SDGs
Target 7.2, Target 12.2, Target 13.1	CO_2-reduction/ resource conservation	Portfolio	Tenants	Operational efficiency	Target 7.3, Target 11.6
Target 8.4, Target 9.1	Flexibility of use	Portfolio	Tenants	Service orientation	Target 13.3
Target 11.3/11.4/11.6, Target 15.5	Local development	Portfolio	Tenants	Wellbeing of tenants	Goal 3 / Target 3.9
	Financial strength	Finances	Employees	Corporate culture	Target 5.1/5.5, Target 10.2
Target 17.16/17.17	Transparency	Finances	Employees	Employee development and retention	Target 4.3/4.4
Target 16.5	Ethical business conduct	Finances	Employees	Employee health and wellbeing	Goal 3

Sustainability initiatives at PSP Swiss Property are discussed and steered by a nine-member panel comprised of representatives from Property Management, Construction, Asset Management, Business Development, Transactions, Human Resources and Communications under the leadership of the Chief Investment Officer and with coordination by the Sustainability & Communications Manager ("Sustainability Taskforce"). Sustainability initiatives are discussed with the Executive Board, which reviews the measures proposed and their prioritisation every six months. As a member of the Sustainability Taskforce, the CIO operates as the interface between the Executive Board and the Taskforce. All departments that have a clear connection with climate targets (Asset Management, Construction and Property Management) report to the CIO. On account of his responsibility for the investment plan for our real estate portfolio, he plays a key role in decisions on measures to reduce CO_2 within the portfolio. Other measures at property level are not necessarily steered by the Taskforce, but are often implemented directly within the relevant business area, in consultation with the CIO.



Significant changes or new developments in the sustainability strategy and climate risks are reported to the Board as required.

The sustainability report outlines our activities in the reporting year as well as the priorities for the coming year. It describes the prioritisation and organisation around sustainability topics and provides the corresponding key figures. The following table provides an overview of the long-term goals and priorities as well as the focus areas for the reporting year and the 2024 financial year.

Further information concerning our targets and measures may be found on the following pages in the parts concerning portfolio, tenants, employees, and finances and disclosure.

Material issues	Long term strategy	KPI
Portfolio		
CO_2 reduction/ saving resources **Flexible usage** **Local development**	– Reduction of CO_2 emissions by 50% until 2035 – Net zero CO_2 emissions by 2050 – 100% of landlord-obtained electricity from renewable sources until 2025 – Increasing own photovoltaic capacity – Strengthening circular economy – Enhancing the property environment	– kg CO_2e/m^2 – kWh/m^2 – kWp installed photovoltaic capacity – % certified properties – Wüest ESG Rating – Size of Green Asset Portfolio **EPRA environmental performance measures pages 298–299**
Tenants		

Operational efficiency
 	
Service orientation
 	
Tenant wellbeing
	– High tenant satisfaction
	  – thanks to first-class rental space that meets utilisation requirements and promotes well-being
	  – thanks to close support
	– Increased involvement of tenants in sustainability efforts with the goal of
	  – improving energy efficiency
	  – reducing water consumption
	  – reducing the amount of waste
		– Yearly LfL improvement of energy and water use (kWh/y and m^3/y, respectively)
		– Tenant survey trend (internal KPI)
		– % Tenant revenue with green lease
		
		EPRA environmental performance measures pages 298–299 and social performance measures page 301

Employees		

Corporate culture
 	
Support and training
 	
Health and wellbeing
	– Sustained high level of employee satisfaction
	  – thanks to a pleasant, respectful corporate culture
	  – thanks to excellent employment conditions
	  – thanks to an inspiring and health-promoting office infrastructure
	– Ensuring employability in the labour market
	  – thanks to the promotion of professional skills
	  – thanks to support in professional development
	– Maintaining a diverse workforce
		– KPI on diversity
		– KPI on development, training and turnover
		– KPI on health and safety
		– Results from employee survey
		
		EPRA social performance measures page 300

Finances and disclosure		
Financial strength **Transparency and ethical business practices**	– Conservative financing policy with adequate debt ratio – Sustainable financing consistent with the portfolio – EBITDA margin of around 80% – Dividend covered by EPRA earnings – Reporting according to IFRS and EPRA	– Credit rating – Equity ratio – EBITDA – Dividend distributed **Key figures pages 10–13** **EPRA governance performance measures page 302**

Priorities for 2023: progress on targets	%	Priorities for 2024
Circular economy: greater integration into processes: some examples of reuse	50%	**CO_2 reduction pathway:** completion of implementation within the investment planning tool (training, rollout, verification)
Embodied carbon in new buildings and renovations: organised PSP Academy, prepared data and provided information within Construction Department meeting	100%	
CO_2 reduction pathway: pursued further incorporation into investment planning, carried out analysis with reference to 1.5 °C decarbonisation pathways	100%	**Adaptation to climate change:** in-depth analysis of individual properties, recording of portfolio resilience
Physical climate change risks: systematic (quantitative) assessment carried out	100%	
District heating and cooling networks and photovoltaic installations: continuation of strategy	100%	**District heating and cooling networks and photovoltaic installations:** continuation of strategy, specific development of photovoltaics strategy
Biodiversity: pilot project at Seestrasse 353, Zurich finalised, façade greening at the car park P-West, Zurich, potential of roof spaces identified for various types of use	100%	**Biodiversity:** information event for raising awareness, ensuring transfer of know-how relating to insights from the pilot project at Seestrasse 353, Zurich
Wüest ESG rating: ratings published for green assets, detailed analysis carried out of data requirements for revised rating	75%	**Wüest ESG rating:** information events concerning establishment of ESG rating as a working instrument, systematic incorporation of data requirements into tools
Green leases: expansion of addenda limited to additional major tenants, mandatory inclusion of a sustainability clause in all new leases	100%	**Green leases:** preparation of action plan for the systematic implementation of sustainability clauses within leases
Tenant fit-out: prepared draft for tenant booklet on sustainability in relation to tenant fit-out	25%	**Tenant fit-out:** completion of tenant booklet on sustainability in relation to tenant fit-out
Sustainability targets and measures in relation to property management (“Optima”): data requirements incorporated into comprehensive data management project	50%	
Optimisation of operations: training events held for Property Management employees and caretakers	100%	**Waste:** trialling sensible ways of recording the waste generated in our properties
Tenant electricity: pilot trial concerning the efficient recording of electricity carried out, scope 3 emissions estimated on this basis	100%	**Tenant electricity:** introduction of a systematic recording process, calculation and auditing of scope 3, category 13 (“Downstream Leased Assets”)
Tenant survey: carried out, completed in December 2023/ January 2024	100%	**Tenant survey:** detailed assessment, preparation of measures
Operational health management: measures continued with a focus on ergonomics, physical health and the holding of a PSP Academy on sleep health	100%	**Operational health management:** continuation of measures with a focus on physical health and resilience
Health survey: follow-up carried out, survey concerning usage of fitness equipment at the Zurich location	100%	**Great Place to Work:** conduct of a new employee survey
Sustainability at our own offices: awareness raising in relation to electricity consumption and waste disposal concept partly carried out, made more difficult by construction work	50%	**Equal pay:** new salary equality analysis
Financing: Green Bond Report published in Q1 2023	100%	**Green Equity:** adaptation of Green Equity Principles and accreditation as “Green Equity” on the Swiss Stock Exchange
Supply chain: rollout of Code of Conduct for Suppliers for Construction and IT departments completed	75%	**Supply chain:** completion of rollout of Code of Conduct on all levels
Child labour: clarifications carried out concerning the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and child Labour (VSoTR)	75%	**Child labour and modern slavery:** refine processes for assessments of building materials
Transparency in relation to climate risks: TCFD reporting for the first time within the 2024 Annual Report	100%	**Transparency in relation to climate risks:** further implementation of TCFD requirements
Cyber-risks: cyber-risk analysis reviewed and conducted in greater detail by independent partner	100%	

Portfolio

We focus on easily accessible, centrally located properties that create both economic and social value and have a low environmental impact. Since the launch of our sustainability programme in 2010, we have been able to reduce the specific greenhouse gas emissions of our properties by 54%.

Preserving resources and minimising CO_2 emissions over the entire life cycle of a building, flexibility of use and the contribution of the building to local development are the three aspects that significantly shape the sustainability of our buildings. We use the following two pieces of information as “guidelines”, in line with the key criteria under our Green Finance approach:

– **CO_2 emissions at property and portfolio level:** our CO_2 reduction pathway is dealt with in the Focus Issue “CO_2 reduction pathway with reference to the CRREM” on pages 230–231, specific goals and measures are set out in the chapter entitled “Reduction in CO_2 emissions and conservation of resources” on pages 232–243, and further strategic information is presented in the Focus Issue “TCFD reporting” on pages 288–297.
– **Wüest ESG rating at property and portfolio level:** in order to be able to draw conclusions concerning portfolio improvement across different categories, in 2022 we decided to have all properties assessed according to the ESG Rating by Wüest Partner AG. Depending upon the purpose, the results of the analysis may be investigated at different aggregation levels. This means that for instance the overall rating, individual parameters or indicators relating to the overall portfolio or part of the portfolio can be compared. The analysis is suitable both as an external communications instrument as well as a tool for ongoing property and portfolio optimisation. The rating is updated each year. Further information concerning the rating methodology can be found on the website.
www.psp.info/esg-rating-at-a-glance

The percentage of buildings certified under a sustainable building label is often used to measure of the sustainability of a portfolio. Currently, a total of 8.5% of our rental spaces are certified. However, in terms of a sustained cost-benefit analysis, we believe that the highest possible number of certified properties is not necessarily desirable, but rather a focus on effective measures regarding climate protection and other sustainability aspects across the entire portfolio. Although we strive to achieve the level of a sustainable building label for new buildings or extensive renovations, we do not necessarily require certification. We prefer to focus on improving the ESG rating and investing the money saved more effectively in concrete, consumption-reducing measures to avoid the so-called "performance gap" that arises in new buildings and renovations.
Environmental performance measures pages 298–299: Certified buildings

Priority 2024 We will systematically incorporate the data requirements for the Wüest ESG rating into our processes and tools and use workshops to better anchor the ESG rating as an internal working tool.

Focus Issue: CO_2 reduction pathway with reference to CRREM

CRREM is the leading global initiative for setting targets in relation to CO_2 emissions from real estate ("in-use emissions"; scope 1+2) that are compliant with targets under the Paris Climate Agreement. In this regard, CRREM has published regional and property-specific decarbonisation pathways for limiting global warming to a maximum of 1.5 °C or 2.0 °C by the end of the century, which thus also apply to Switzerland. By setting scientifically-grounded CO_2 reduction pathways (Science-Based Targets Initiative, "SBTi"), CRREM has set itself the challenge of assessing risks and uncertainties in relation to the decarbonisation of business properties.

In order to establish whether our CO_2 reduction pathway communicated in 2021 is compatible with the 1.5 °C target, we compared our own reduction pathway with the CRREM decarbonisation pathways. We essentially based the calculation, subject to certain restrictions (see "Emissions factors"), on the assumptions and guidelines contained in the CRREM Risk Assessment Tool V2.04 as well as the corresponding CRREM Risk Assessment Reference Guide V2 from September 2023 ("Reference Guide"). **The modelling contained in these is not identical in all respects to our own assumptions for the currently existing reduction pathway. However, we are continuing to adhere to it without any changes. Assumptions concerning the replacement of heating systems and refurbishment work remain unchanged.**

Definition of surface area

The definition of surface area required by CRREM corresponds to the IPMS 2 gross internal area. This means that the sum total of the surface areas on each storey of an office building is measured up to the relevant internal spatial boundary. IPMS 2 is an internationally recognised standard for defining real estate space, including in particular for office buildings. This standard sets out clear guidelines for calculating office spaces in order to create a uniform and comparable basis for the real estate sector. On average, the surface area determined according to IPMS 2 is around 40% greater than the energy reference area, which is widely used in German-speaking countries.[1]

Emission factors

Emission factors for district heating and electricity purchases are linked to the respective reduction pathway for the electricity grid according to CRREM assumptions. This entails an assumption that the decarbonisation of district heating sources operates in parallel to the decarbonisation of the electricity grid. This method is used in accordance with the Reference Guide as heat production and distribution is often dependent upon electricity. Our originally published reduction pathway assumed that emission factors would remain constant. Energy consumption for cooling systems is imputed to general landlord-obtained electricity. Planned photovoltaic systems and their pro rata coverage of electricity consumption and coolant losses from cooling systems are not taken into account within the current pathway. In addition, no modelling has been conducted for the normalisation of extraordinary tenancy arrangements.

Planning period

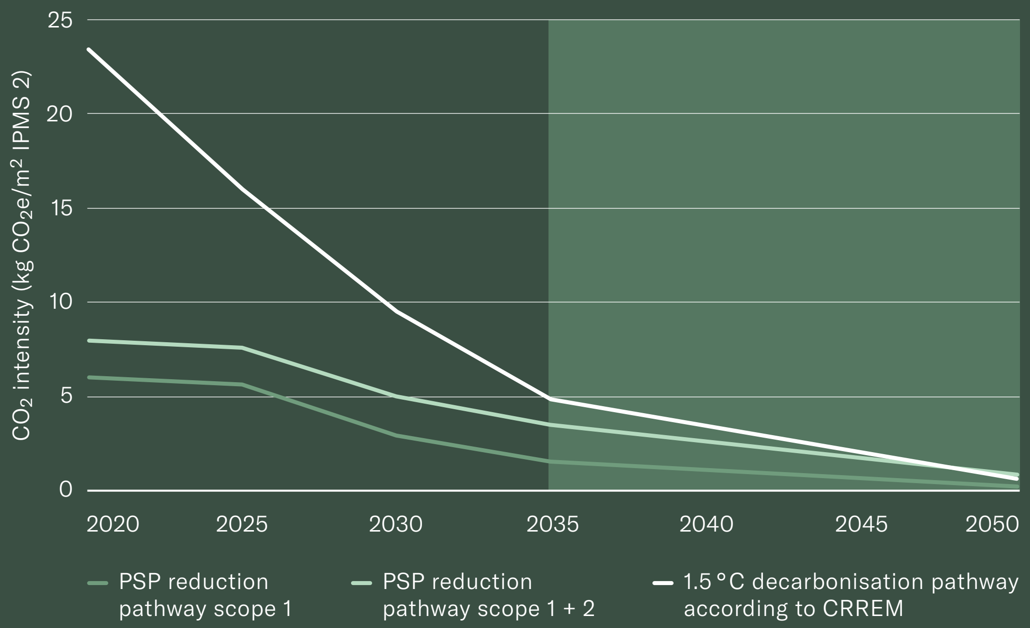
The planned energy renovations and heating replacements along with the corresponding target figures for energy consumption are presented for the current reduction pathway. Acquisitions and disposals are not taken into account. We have modelled the reduction until 2035 in accordance with our investment plan. The further into the future the planning period reaches, the more inaccurate its implementation will be, as we are reliant on third parties for instance as regards connections to lake water cooling and heating networks. The period falling after 2035 is therefore shaded in the following reduction pathway.

1 Detailed explanations concerning the energy reference area can be found in the deliminations and explanations on the performance measures on page 308.

CO_2 reduction pathway with reference to CRREM

Following the application of the previously described assumptions and restrictions, this results in the following reduction pathway for PSP Swiss Property. The benchmark is the decarbonisation pathway for achieving the 1.5 °C target according to CRREM, based on a pro rata usage allocation of the property portfolio.[2]

Reduction pathway with reference to CRREM assumptions – PSP vs. 1.5 °C target



As is apparent from the graph, based on the assumptions described, from our current perspective our portfolio is on track to fall below the threshold levels by 2035 that are necessary in order to achieve the Paris climate targets of a maximum increase of 1.5 °C (**"1.5 °C target-aligned"**). An external independent firm has assessed our calculation methodology as comprehensible, taking into account the given assumptions and reservations of PSP Swiss Property.

Net zero target

The net zero target is not only one of the Paris climate targets but is also set out in the "Climate and Innovation Act" approved by Swiss voters in the referendum held on 18 June 2023. From 2050, the quantity of greenhouse gases emitted into the atmosphere by Switzerland should therefore not be any higher than the quantity absorbed by natural or technological carbon capture mechanisms (net zero target). The net zero target is therefore enshrined in law.

We remain focused on our goal of halving specific CO_2 emissions by 2035 compared to 2019. For the years after 2035, we have committed to achieving net zero for operational CO_2 emissions (scope 1, 2 and 3) by 2050.

Priority 2024 We are currently working on incorporating the calculation of anticipated CO_2 reductions directly into the renovation planning tool and dynamically recalculating the reduction pathway in the event of any changes in the schedules for particular projects. In 2024 we plan to complete verification and training in relation to the new solution, followed by its rollout.

2 Further explanations concerning the CRREM decarbonisation pathway can be found in the deliminations and explanations on the performance measures on page 308.

Reduction in CO_2 emissions and conservation of resources

Careful usage of resources throughout the lifecycle

We want to keep resource usage and environmental pollution caused by the construction, modernisation and operation of our buildings as low as possible and minimise negative effects on the general public this may have. We endeavour to use carefully both land and building materials as resources. We therefore factor sustainability considerations into all phases of business operations:

Acquisition of buildings
We examine potential purchase properties with regard to their environmental impact or possible exposure to physical risks, and also assess their ecological characteristics. **Access to public transport, materialisation and energy efficiency** are essential criteria. This does not mean that we only consider ecologically high-quality and energy-efficient properties. Most older buildings do not meet today's ecological standards. However, if our assessment comes to the conclusion that a building can be renovated at reasonable cost, such a property also offers an opportunity to contribute to improving sustainability and generate added value in the long term.

Construction related measures
Our development areas are or were predominantly previously developed former brewery sites. New acquisitions within the portfolio are generally speaking centrally-located commercial properties in major economic centres. In this way we ensure that we do not contribute to urban sprawl or impair biodiversity.

In new construction and renovation projects, we try to balance the possibilities for optimising energy efficiency, flexibility of use and the impact on the neighbourhood-specific social environment. Our **guidelines** applicable to new construction, tenant fit-out work and modernisation are based on the Swiss Sustainable Building Standard (SNBS) and SIA 112/1 and set out principles along with a checklist containing questions and aspects to be considered during the various project phases. These relate for instance to the prioritisation of various sustainability goals, criteria such as grey energy or reusability in the choice of materials, energy efficiency or indoor climate.

New buildings: sustainability and energy efficiency are key criteria for new buildings. As a general rule, we aim to comply with the Minergie standard and often exceed it. Since we generally own and manage the newly constructed buildings ourselves, we optimise them for operation and invest in good long-term energy management systems. The use of innovative, electrochromic windows, such as those used in the new Clime building in Basel, not only leads to lower cooling energy requirements and lower maintenance costs (no need to replace blinds), but also increases the well-being of tenants. Considerations on adapting to the effects of climate change, so-called physical risks, are also reflected in our specifications for new buildings (more information on adapting to climate change can be found in the Focus Issue “TCFD Reporting” on pages 288–297). However, new buildings only represent a small part of our business.

Modernisations: considerations on energy efficiency and reduction in CO_2 emissions are important factors that also shape our long-term investment plan. We carry out renovations in accordance with regional regulations as well as the Minergie standard. We employ a team of specialists in the field of HVAC (heating, ventilation, air conditioning) in order to implement the optimisation process in terms of operation and construction. Our employees strive to continuously acquire new know-how in energy and sustainability issues. Examples of successful renovations may be found on our website. www.psp.info/co2-reduction-path

Tenancy changeovers: we are seeking to reduce resource consumption between tenancies. By increasingly incorporating a certain basic infrastructure and using generally appealing, flexible usage concepts, we aim to avoid rental properties having to be thoroughly refurbished following each change of tenant. Further information concerning this aspect may be found in the section “Flexibility of use” on page 244.

Embodied carbon (scope 3): our CO_2 reduction path relates to scope 1 and scope 2 operational emissions. **scope 3 data,** such as for example CO_2 emissions arising during the production of the building materials that are used in construction, as well as during the construction process itself, are not taken into account. However, these also contribute to climate change and are also significant. In the reporting year 2022, we had embodied carbon of our three current replacement new buildings (ATMOS and B2Binz in Zurich as well as Clime in Basel) calculated in order to better assess the ratio of embodied CO_2 emissions compared to CO_2 emissions during operation. Thanks to the use of low-carbon cement, for example, 82 tonnes of CO_2 were saved in the new **B2Binz building in Zurich.** Changing the material used for the façade cladding from an aluminium sheet to a steel sheet also led to considerably lower emissions. In the reporting year, we organised an information event for all employees (PSP Academy) on the topic

of scope 3 and embodied carbon, building on the principles developed. In 2024, we will continue to work on integrating embodied carbon more systematically into the specifications and planning. The scope 3 calculations for the three new buildings can be viewed on our website.
www.psp.info/en/scope-3

Operation of properties
Automated measurement: we place particular value on well-maintained buildings. By optimising operations over the long term, we aim to keep energy consumption low whilst maintaining a high level of equipment efficiency. An important prerequisite for this is suitable measurement. For this reason, we are constantly expanding our smart metering and monitoring functions. Further information on our consumption-reducing measures can be found in the section “Operational efficiency” on pages 254–258.

Acquisition of thermal energy and electricity from renewable sources: with our clear focus on reducing CO_2, we are continuously optimising our contracts with energy suppliers (electricity, gas, district heating) in terms of the proportion of renewable energies. Inner-city energy networks that use lake water are becoming increasingly important. The constant temperature of deep water in the lake is used for heating and cooling purposes. The most significant challenge in this respect is timing, as the planning and expansion of the energy networks does not always correspond with the renovation cycle for our facilities and properties. Considerable efforts are currently being made in the cities of Geneva and Zurich to realise inner-city energy networks using lake water. We closely monitor developments in the catchment area of our properties in order to coordinate our long-term planning for the replacement of heating and cooling systems accordingly and, where necessary, to find and define joint transitional solutions at an early stage.

Own production of solar electricity: we also produce energy from renewable sources such as solar electricity in order to make our own contribution to expanding capacity and also to give our tenants the opportunity to benefit from clean electricity at favourable costs. Where possible, we apply the model of a property producing and consuming its own energy. Under this model, the solar power produced is sold directly to the tenants or consumed in situ in the building’s technical systems (heat pumps, cooling systems, etc.). Over the next five years our photovoltaic capacity should be increased by 3 MWp, which is anticipated to raise the volume of self-generated solar electricity as a proportion of owner-consumed electricity to more than 10%.

Priority 2024 We aim to pursue our strategy of exploiting prospects for connection to district heating and cooling networks wherever possible. With regard to photovoltaics, we want to intensify the expansion of capacity.

Development of energy sources for heating

2023

- 55.5% Gas
- 8.8% Oil
- 33.8% District heating
- 1.8% Electricity/heat pumps

2015

- 46.0% Gas
- 26.5% Oil
- 25.2% District heating
- 2.5% Electricity/heat pumps

2010

- 46.0% Gas
- 33.0% Oil
- 21.0% District heating

Key measures to reduce the CO_2 emissions of our portfolio

Area	**Measures/targets**
Reduce CO_2 intensity of energy consumption	
Replace fossil heating by heating with a lower CO_2 footprint	– No fossil fuel heating systems in new buildings – When renewing heating/cooling systems, switch to heat pumps or district heating/cooling with a high renewable element wherever possible
Sourcing of electricity	– By 2025, sourcing 100% of electricity from renewable energy sources
Improve energy efficiency	
Energy renovation (insulation, replacing windows)	– Optimisation of energy efficiency through improved insulation of the façade, roof and basement and by replacing windows; in a general orientation towards the Minergie standard – Renewal of the building services
Measures not dependent on lifecycle (e.g., lighting)	– Replacement of lighting systems with LED systems, awareness-raising among tenants
Optimisation of operations	– Optimisation of operations as a permanent task
Own production of renewable energy	
Increasing own photovoltaic capacity	– Increase own photovoltaic production within the ambit of the existing potential analysed

End-of-life of a property and recycling of building materials

The idea of the **circular economy** is to keep products and materials in circulation or to recycle in order to avoid waste and reduce the consumption of primary raw materials. Reprocessing is only possible if construction materials can be segregated properly during demolition. Therefore, considerations concerning the circular economy should already be incorporated into the planning stage. This is the case for example for the reduction of built-in grey energy, the utilisation of reusable or recyclable materials, avoiding composite materials that are difficult to separate or using easily-detachable fastenings. There is still a challenge in this area due to the underdeveloped market for used building materials. The most efficient approach is therefore to reuse them within the same property or within the portfolio. In the property at **Peter Merian-Strasse 88, 90 in Basel,** for example, partition walls from the 5th floor were stored and reused for the refurbishment of the 1st floor. Thanks to good contacts, a removed catering kitchen on the 6th floor could immediately be reinstalled in a clubhouse. **In Lausanne,** a raised floor from the property at **Place Saint-François 15** was reused for a rental space at **Avenue de Sévelin 46.** We are striving to make employees aware of such opportunities.

In the following table we discuss a few of the major initiatives concluded during the reporting year that have had effects on CO_2 emissions. The quantities are estimates of the expected savings. These savings have not yet been fully factored into the figures for this reporting year.

CO_2 reduction measures during the reporting year

Area	Measures in 2023
Reduce CO_2 intensity of energy consumption	
Replace fossil heating by heating with a lower CO_2 footprint	– In 2023 a number of connections to district heating networks were prepared and new heat pumps were installed, in general however only in conjunction with gas as a mechanism for providing peak coverage, as various restrictions on the usage of heat pumps apply to city-centre locations. The property at **Bleicherweg 14 in Zurich,** which was previously heated with oil, is now heated exclusively by a heat pump.
Improve energy efficiency	
Replacement new buildings	– The new property at **B2Binz in Zurich** was completed at the end of 2023 in line with the Minergie standard, although has not been certified. With the aim of reducing embodied carbon, low-CO_2 ECO cement has been used, amongst other things. The property is heated and cooled by an air/water heat pump. The photovoltaic system on the roof provides part of the electricity needed. Thanks to the use of renewable electricity, CO_2 emissions are practically zero.
Complete renovations	– The **"Zürcherhof" at Limmatquai 4 in Zurich** has been comprehensively renovated and was handed over to tenants at the end of 2023. External insulation could not be installed due to heritage preservation rules. However, thanks to new internal insulating plaster, insulated windows, the newly insulated roof and efficient gypsum cooling ceilings on the upper floors, energy consumption is set to be cut by at least 30%. This should result in a reduction in CO_2 emissions by at least 15 tonnes per year. – The property at **Bleicherweg 14 in Zurich** was fully overhauled in 2023, including renovation of the building envelope and windows, the fitting of a new, insulated roof and retrofit insulation of floor tiles. Thanks to the installation of a new air/water heat pump, future CO_2 emissions will be practically zero, which should result in a reduction of CO_2 emissions by around 12 tonnes per year. – In the autumn of 2023, at Bahnhofplatz 2 the last phase of the renovation project **"Bahnhofquai/-platz" in Zurich** was completed. The roofs of all properties were replaced and insulated, new windows were installed throughout, internal thermal insulation plaster was installed in some places, and ceilings above the basement floor were insulated. Thermal insulation of the façades to the property complex was not possible because it is subject to heritage protection. As no connection could be established to the lake water district heating network, the properties are heated via centralised gas heating system, in conjunction with cooling with thermal recovery. The properties are now in excellent energetic condition.
Building envelope and building technology	– The **"Hôtel de Banque" in Geneva** purchased in 2020 consists of three adjacent properties at Rue de la Confédération 2, Rue de la Corraterie 5, 7 and Rue de la Cité 6. Various work has been carried out since the purchase, mainly at Rue de la Corraterie 5, 7 and Rue de la Cité 6. Aside from a significant upgrade to the entrance area and the renovation of the office floors, the work has focused mainly on building technology: separation work was carried out to enable a shift from single-tenant to multi-tenant, a new building management system was installed. Furthermore, a new ventilation system and LED lighting with automated control were fitted. – The building technology system at **Avenue Agassiz 2 in Lausanne** was renovated without interrupting operations. A new cooling/heating machine with thermal recovery will significantly reduce gas heating consumption in future. – At **Förrlibuckstrasse 110 in Zurich,** six new flats were created on the top floor thanks to an increase in the height of the attic floor. As a result of the new, insulated roof in addition to efficient ventilation and cooling, the property will become significantly more efficient, despite being used more intensely. Old lights were replaced by LED lighting during renovation of the **P-West car park** at Förrlibuckstrasse 151 in Zurich.
Optimisation of operations	– A discussion of the optimisation of operations is contained on pages 255–256.

Area	Measures in 2023
Own production of renewable energy	
Increasing own photovoltaic capacity	– A photovoltaic system was installed on the roof of the property at **Waldeggstrasse 30 in Liebefeld** with a capacity of 207 kWp and anticipated production of 225 000 kWh per year. The new property at **B2Binz in Zurich** also has a photovoltaic system with a capacity of 78.6 kWp, which will generate 78 000 kWh of renewable electricity in future. The photovoltaic system installed in the renovated property at **Bleicherweg 14 in Zurich** has a capacity of 19.5 kWp and will generate around 20 600 kWh of electricity each year. – Our tenant Swisscom has installed a photovoltaic system over an area of around 1 300 m^2 on the roof of our property at **Binzring 15, 17 in Zurich** with a capacity of 285 kWp, which will start operating in 2024. Before this could be done, some preliminary renovation work on the roof was required. The anticipated annual electricity generated totalling 236 550 kWh will be used up entirely for Swisscom's own operations. It will not be imputed to our own solar production.

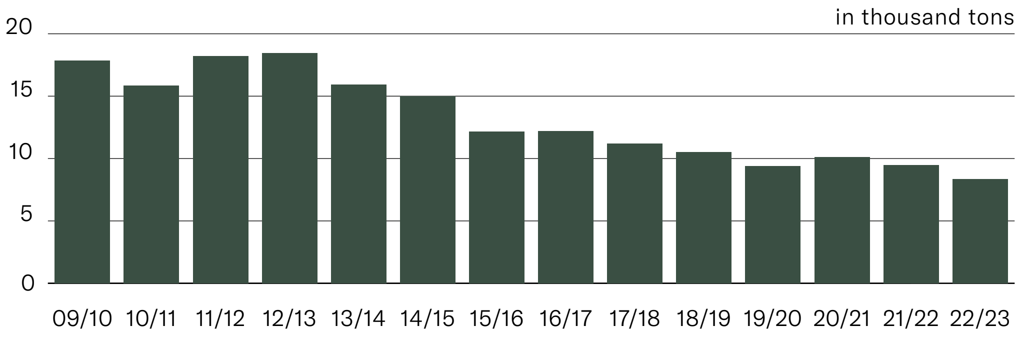
Impact of the measures on consumption and CO_2 emissions at portfolio level

Due to numerous interdependencies as well as internal and external influences, it is difficult to precisely calculate the effects of our renovation projects and operational optimisations on consumption and CO_2 emissions. Data relating to energy and water are recorded after a lag of half a year, in line with the statements of account for heating and ancillary costs. The current reporting period for these figures runs from 1 July 2022 until 30 June 2023.

Absolute consumption and emissions

In absolute terms, our **total energy consumption** in the investment portfolio **decreased by 5.5% in 2023 compared to the previous reporting period,** from 92.2 million kWh to 87.2 million kWh. The CO_2e emissions of the portfolio (scope 1 and 2) were reduced by 11.2%, i.e. by 1 056 tonnes. These absolute values give an idea of the environmental footprint of our portfolio. However, their suitability for analysing the effects of taken measures is limited, considering that the investment portfolio changes from year to year due to purchases, sales and reclassifications (see delimitations and explanations on page 303 ff.).

CO_2e emissions absolute



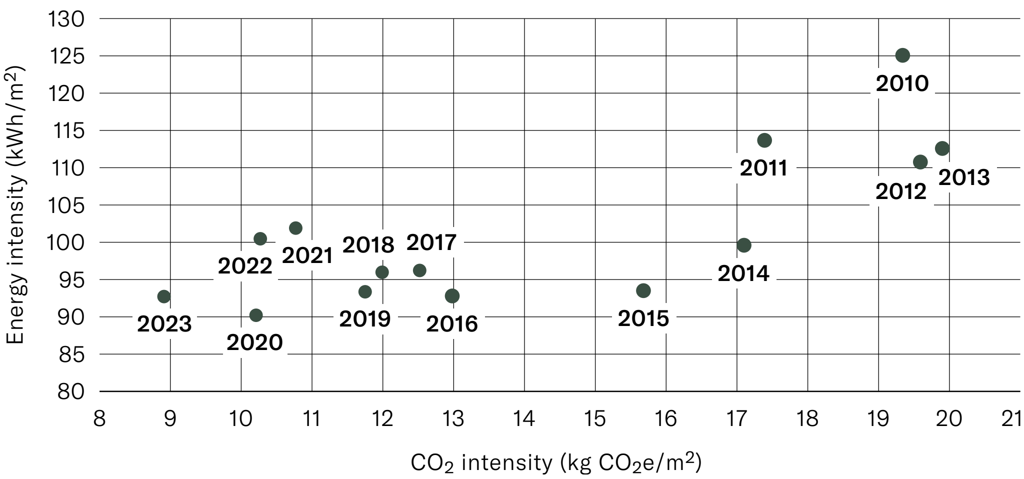
Specific consumption and emissions (intensities)

The specific values (consumption and emissions per square metre of rental space) – also called intensities – give the best indication of effective improvements in the portfolio. Our **energy intensity decreased by 7.7% from 100.5 kWh/m² to 92.7 kWh/m²** in the reporting year. **Adjusted for heating degree days,** however, at a reduction of 0.9%, the intensity has hardly changed. The warm winter therefore made a major contribution to the reduction in energy intensity. The fact that the offices – with a few exceptions – are now practically back to normal levels of occupancy was also beneficial for energy efficiency.

A **decrease in vacancy** usually increases energy consumption and water consumption, both in absolute terms and per square metre of rental space. In the reporting year[3], the vacancy rate decreased from 3.7% to 3.3%. This corresponds to an increase of heated space of approximately 0.4%. However, in view of the fact that some underutilisation still prevails, this effect seems negligible.

CO_2 intensity decreased significantly from **10.27 kg CO_2e/m² to 8.91 kg CO_2e/m², i.e. by 13.3%.** Various positive factors contributed to this: mainly due to the warm winter, heat consumption from oil and gas fell by 6.8% and district heating consumption by 8.5%. At the same time, the proportion of biogas was again increased slightly and the proportion of district heating from renewable sources rose again from 45% to 50%.

CO_2 intensity vs. energy intensity



3 The reporting year i.e. measurement period for the environmental key figures is 01.07.2022–30.06.2023. Accordingly, the vacancy rates refer to 30.06.2022 and 30.06.2023. The vacancy rate on 31.12.2023 stood at 3.6%.

Analysis of the "like-for-like" data

The "like-for-like" portfolio includes only those properties that were under our operational control and classified as investment properties, both in the reporting year and in the previous year. The changes therefore relate to exactly the same number of properties. This allows conclusions to be drawn about the improvement in operational efficiency and the effects of measures taken during operation. However, the impact of major renovations is not apparent here, as properties under renovation are not included in the "like-for-like" portfolio.

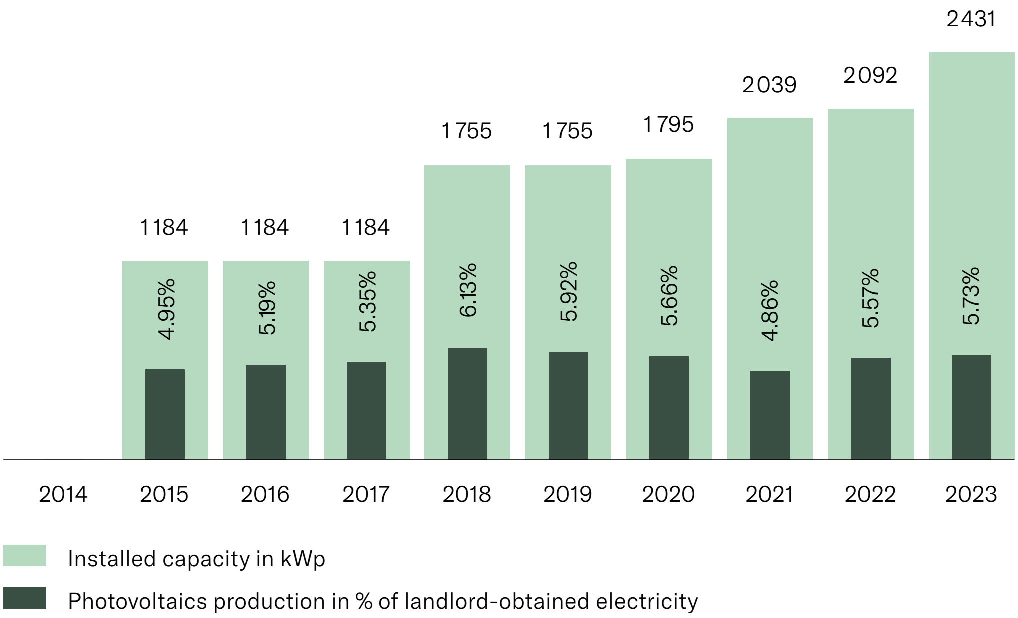
In the "like-for-like" portfolio, total energy consumption fell significantly (from 88.4 to 81.6 million kWh). **Heat consumption decreased by 10.1%,** while electricity consumption decreased by 2.3%. This resulted in a **reduction of CO_2e emissions by 14.3%,** corresponding to 1 305 tonnes of CO_2e. Adjusted for heating degree days, however, the total energy consumption in the "like-for-like" portfolio remained stable at 88.2 million kWh. This confirms the conclusion from the analysis of intensities that the main contribution to the reduction in energy consumption can be attributed to the higher temperatures in winter and therefore the lower heating requirements. We are confident, though, that the efforts intensified since 2022 to raise awareness and train management and caretakers on the topic of energy efficiency will bear fruit.

Share of renewable energy and own production of solar power

The share of energy purchased from renewable sources was **52.1%** in the reporting year (previous year: 49.2%). The increase is mainly due to a slightly higher proportion of biogas and a higher renewable share in district heating. We already cover **99% of the electricity demand for our entire portfolio with renewable energy.** In 2023, we produced around **1 574 MWh of environmentally friendly solar electricity with our own photovoltaic systems.** This corresponds to 5.7% of common electricity consumption (see following chart).

Environmental performance measures pages 298–299: Electricity, District heating and cooling, Fuels (oil/gas), Proportion of total landlord-obtained energy from renewable sources, Greenhouse gas emissions scope 1, 2 and 3, Energy intensity, Greenhouse gas intensity, Photovoltaic installations and self-generated electricity

Photovoltaics: installed capacity and production in % of landlord-obtained electricity



Flexibility of use

With the increasing degree of digitalisation, new forms of cooperation and decentralised, mobile work patterns are emerging in the office world. Working from home has become established in the office world, while at the same time there is a growing realisation that regular in-person meetings between employees are essential for a good corporate culture. In the light of these developments, the product and quality of spaces offered will become even more important: sufficient space and flexibility, security, calm, daylight, energy efficiency as well as further sustainability considerations will increasingly become priorities for our tenants. The UN Sustainable Development Goals which have been stipulated as being relevant for us in this context present us with some challenges: on the one hand, we need to save resources and make buildings as resilient as possible – also in terms of climate change. On the other hand, buildings will have to be adaptable in line with the changing demands of users. The challenge is therefore to build economically and ecologically sustainable buildings, which can at the same time be repurposed without any major expenditure of resources. We achieve greater flexibility through the following measures and thus also consume resources more responsibly.

Basic infrastructure and flexibility

Even today, larger companies in particular want to rent premises for the longer term and fit them out according to their very specific requirements. However, in order to avoid everything having to be removed upon departure in order to cater to the needs of the next tenant, we are becoming increasingly convinced that providing some level of **basic infrastructure** makes sense. Apart from heating, this includes ventilation, toilets, showers and, increasingly, also air-conditioning. Since building technology is becoming ever more complex, planning cannot stop at the basic fit-out stage, but must incorporate tenant fit-out considerations. For instance, even if there is optimal generation of cool air there is still a need for an optimal delivery device within the tenant fit-out. This will also be beneficial for future tenants thanks to the operating cost savings thereby enabled. In addition, a uniform electrical distribution system in the basic fit-out, such as for example a raised-access floor, will support tenants in simplifying upgrades and conversions. Pre-calculated **fit-out options** make it easier for tenants to plan costs. It is important to find generally appealing, flexible designs and materials, so that a tenant fit-out with a lifespan of 20 years can be used for more than one rental client.

A good arrangement of the spatial and technical infrastructure allows a **high degree of flexibility** in the subdivision of rental space. This applies to, for example, the precise positioning of the bathrooms and entrances, as well as the option of moving walls. Depending on the need, large spaces should be available on one level, which can be divided into smaller units in case of changes in tenancy. While in existing buildings the potential for increased flexibility is predetermined and often limited by the construction method (e.g., solid or framed), in new buildings the façade and column grid is already planned with this in mind. The new ATMOS and B2Binz buildings in Zurich or the Clime in Basel are based on this concept. Such considerations have also been centrally incorporated into recent renovations, for example at Limmatquai 4 and at Theaterstrasse 12 in Zurich. A large part of the refurbishment work at the Hôtel de Banque property in Geneva involved unbundling and installing more flexibility.

More space for exchange

We are making more room for flexible **cooperation and exchange.** It is possible that demand for space within offices for workstations may fall. At the same time however, demand is rising for larger interaction spaces and common, multi-functional and open meeting areas, including spaces for informal exchanges. An office is no longer just a workplace with a desk, but rather a productive, creative and social meeting place where people work together in constantly changing structures. In the new B2Binz building in Zurich, the need for social interaction was taken into account, for example, with the various beautifully landscaped terrace areas. Infrastructure for mobility (e.g., bicycle parking spaces, charging stations for electric vehicles etc.) and fitness as well as additional service offers (e.g., lobby, catering or bookable conference rooms) are also becoming increasingly important.

The significance of **co-working** will increase further. We consider the co-working providers to be an ideal complement to our long-term rental business. This allows our tenants to react to short-term space needs in an uncomplicated manner and, for example, to rent areas tailored to the needs of a specific project. On the other hand, co-working tenants can rent a larger space directly from us when they grow.

Local development

Most of our properties are positioned in central locations and are well connected to public transport. From a sustainability point of view, they are therefore generally well positioned, as they are accessible by environmentally-friendly mobility and do not contribute to urban sprawl. Due to their central location, these properties also have a special importance in the cityscape and in revitalising the surrounding area. With their spatial presence, our properties influence not only the immediate surroundings and the everyday life of tenants and neighbours, but also the perception of passers-by. For this reason, we attach great importance to architectural quality for new buildings and conversions, but also for major renovations, which ultimately leads to an enhancement of the public space.

Preservation of historical properties

The urban location of our properties in large cities means that a considerable number of them are under historic preservation. A monument reminds us of historical events, cultural events, social or technical achievements. Such protected buildings have an identity-forming character, and with their preservation we can conserve an intangible value for society. As owners, we therefore bear a great responsibility, which we fulfil with the help of selected artisans and other partners. These properties offer a high quality work environment and are popular with tenants because of their uniqueness.

All stages of the challenging **“Bahnhofquai/-platz” project in Zurich** have now been completed. The work was carried out in close cooperation with the historical monument preservation authorities. Also for the renovation of the property at **Limmatquai 4 in Zurich,** efforts have been made to identify historically valuable elements that contribute to the character of the building and that are worth retaining. This concerns both the façade as well as the basic internal structure, which should reflect the original structural concept. In addition, the renovations at **Bärenplatz 9, 11, 27 / Käfiggässchen 10, 22, 26 and Zeughausgasse 26, 28 in Bern** involve a strong heritage preservation element. Some visual impressions of the result can be found on the photo pages 250–253, 262–265 and 280–283.

More about the “Bahnhofquai/-platz” in Zurich renovation project:
www.psp.info/en/bahnhofplatz

More about the renovation projects in Bern:
www.psp.info/heritage-preservation and www.psp.info/en/zeughausgasse

Participatory development and local commitment

Local commitment also means that, when developing large areas or during major construction projects, we think about neighbourhood development with the goal of finding solutions with all parties involved, leading to a sustainable use of the site from an ecological, social and economic point of view.

We engage closely with authorities, partners and local residents in relation to major construction projects. We seek to develop solutions in as cooperative a manner as possible that generate economic and social value over the long term and cause minimal damage to the environment. We take account of urban development targets in terms of the usage mix, infrastructure and sustainability for the relevant areas and try to support them in the best possible way. We also give due consideration to aspects of city identity. These processes are long-winded. For example, the legally binding development plan for the **Grosspeter site in Basel** dates back to 2004. The site is now being transformed in stages. A new focus in terms of urban development was created with the Grosspeter Tower in 2017. The Clime wooden construction will further increase the value of the site with its sustainable, ecologically responsible architecture.

The early involvement of various stakeholder groups was decisive also for the renovation of the property at **Theaterstrasse 12 in Zurich.** As the property is situated in a very prominent location on one of Zurich's most important squares, it was necessary for instance to engage in intense dialogue with various urban development offices.

Communication and interaction with local stakeholders and neighbours are an essential element of our social commitment, within both construction projects as well as when operating properties. That is why we conduct regular dialogue and information events, especially in relation to new-build projects. However, not everything is organised in formalised "programmes". Some interesting projects also emerge from the situation, for example in the case of interim use. The example of **Bollwerk 15 in Bern** shows: existing vacancies are made available to young and creative companies at a favourable price for a limited period of time.

Social performance measures page 301: Local commitment

Ecological enhancement of the surroundings

We endeavour to better exploit the potential for **promoting biodiversity** by ecologically enhancing the surroundings to our properties – and where possible also terraces, façades and roofs. Although this involves individual measures in some cases, it often occurs in relation to replacement new buildings, renovations or other value-enhancing measures that offer added value to tenants. The long-term goal is to contribute to improving biodiversity and countering undesired heat islands in cities.

Various greening projects were realised in Zurich in 2023: the landscaping with a specific focus on improving biodiversity for the property at **Seestrasse 353** was fully realised in the reporting year. This project will serve as a template for further landscaping work in the portfolio. In the **P-West multi-storey car park** at Förrlibuckstrasse 151 in Zurich, the more than 100-metre-long façade on the north side was fully equipped for greening. The outside area of the rented catering space at **Förrlibuckstrasse 110** is an inviting place to linger thanks to new planting. A lot of green space was planned from the outset for the **new B2Binz building:** the roof structures are covered in greenery and the various terraces are equipped with numerous plant boxes.

Priority 2024 We want to make employees more aware of opportunities in the area of greening and biodiversity and ensure that we can build on the findings from our implemented biodiversity projects.

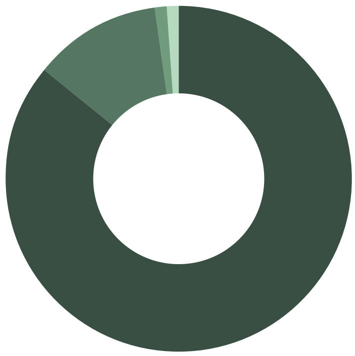
Promotion of sustainable mobility

It is important to predict the mobility needs of users of offices and commercial premises, to take appropriate account of them within planning and strive for mobility that is as sustainable as possible. Almost 86% of the buildings in our portfolio are situated in areas falling within PT [Public Transport] Quality Class A, 12% in PT Quality Class B. Thus, 98% of the buildings in the portfolio is very well or well connected.

The public transport (PT) quality classes provide information on the accessibility of an area with public transport. Important criteria that are included in this indicator are the distance to the stop, the type of transport, and its frequency. The PT quality class parameter is also included in the Wüest ESG assessment.

Public transport quality classes

86%	PT quality class A – Very well connected
12%	PT quality class B – Well connected
1%	PT quality class C – Moderately connected
1%	PT quality class D – Poorly connected



Source: INFOPLAN-ARE, opentransportdata.swiss

In new buildings, requirements for bicycle parking spaces, charging stations for electric vehicles and facilities such as cloakrooms and showers are incorporated into the planning as a matter of principle. This applies to **ATMOS and B2Binz in Zurich** as well as **Clime in Basel.** Considerations for the promotion of sustainable mobility are also incorporated into refurbishments, such as the **“Hochstrasse” conversion project in Basel,** or at **Förrlibuckstrasse 110 and Bleicherweg 14 in Zurich.** The renovated **P-West multi-storey car park in Zurich** now has various public and rentable parking spaces with charging stations. At **Binzring 15, 17 in Zurich,** our tenant is implementing a project to promote electromobility. Bicycle mobility is being promoted in **Geneva:** the first basement floor of the property at **Rue de la Corraterie 5, 7** has been converted from a car garage into a bicycle garage with capacity for 100 bikes.

Renewed splendour at Bärenplatz

Bärenplatz in Bern has been given a significant facelift with the three renovated buildings. This has come as a benefit not only for users of these properties, but also for residents and the many tourists that visit our federal capital each year.

At the start of 2019, PSP Swiss Property purchased three adjacent properties in a perfect location on Bärenplatz directly in front of the Parliament Building. However, the three buildings, which were constructed during different periods, were in serious need of renovation. Whereas the property at Bärenplatz 9 is an early modernist building, Bärenplatz 11 (originally two separate buildings) dates back to the 17th and 18th centuries. The history of the property at Bärenplatz 27 can be traced back to the 16th century.

Renovating protected properties within the UNESCO perimeter of the City of Bern is a complex undertaking. It required the conduct of numerous analyses and the preparation of large numbers of documents in conjunction with historical monument preservation authorities: a building history analysis was instructed, more than 150 probes were carried out, and every room was recorded and documented down to the smallest detail, including material composition. In many cases, various structures and styles from different construction periods overlapped with one another within the buildings. It then had to be decided which period was the dominant period for each building, and should therefore be represented.

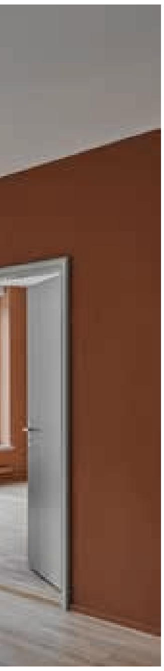
History continues to be written with the comprehensive renovation of the three properties, which are now being used in new ways. Since the middle of 2022, the Lucerne-based family business Remimag has been operating the restaurant "Röschtigrabe" on the ground floor of all three buildings. Contemporary offices were created on the upper floors, including co-working spaces and an events area. The upper storeys were converted to residential use. Alongside the two single-level flats at Bärenplatz 27, all three buildings now have maisonette flats on the attic floors.


GENUSS SANS FRONTIERES

Office with a view onto Bärenplatz
The office premises at no. 9 were reinstated to the style of the modern period during the renovation and painted in bright colours typical of the period.

A stylish combination of the old and the new
The historic building fabric has been made visible within the flats and incorporated into a modern interior design.

Dining and conversation at the Röschtigrabe
Switzerland meets the world at Röschtigrabe to enjoy the wide range of fresh specialities from throughout Switzerland, and, “not only for discussion and talking about politics, but for laughing together, passing the time and enjoying one another’s company”, as the restaurant’s operators proclaim.



Paintings in need of protection
The wall paintings discovered in naive peasant style were classified as requiring protection by the historical monument preservation authorities. They were gently restored and integrated into an apartment.

Tenants

We like to have tenants who value our service and our buildings and can work productively in them.

For us, appreciation, reliability, quality and transparency are the basis of a professional and successful business relationship that is successful in the long term. With our own **property management and caretakers,** we aim to offer our tenants an optimal framework for successful business activities – by having a customer focus and providing functional, flexible and attractive business premises. When doing so we work as efficiently as possible so as to enable our tenants to benefit from low costs. Thanks to our efforts in relation to energy efficiency and reducing CO_2 we have already been able for instance to save at least CHF 44 million in energy costs and CO_2 taxes for our tenants since 2010.

Operational efficiency

Operational efficiency in the management and maintenance of our properties reduces our costs and improves our internal communication as well as our engagement with tenants and business partners. Technology transformations over the last few years have significantly affected and changed how we handle information and how we communicate. We have access to new tools for working and cooperation, which have changed the way in which we work, at the same time offering exciting opportunities for innovative forms of cooperation as well as flexible working models. In this regard the release of Microsoft 365 during the reporting year acted as a catalyst for change. We are focusing on **promoting and improving process-oriented work.** A further decisive step in our digital transformation came with the launch of our first data warehouse project in connection with Microsoft Power BI. This **data management strategy** will become a core issue in future, as it will allow us to obtain valuable information from our data and to make data-driven decisions. This has also enabled **information relating to sustainability** and project organisation to be better incorporated into and made accessible within this structure.

As part of operational efficiency, we also want to keep the environmental impact as low as possible, especially in the areas of energy and water consumption as well as CO_2 emissions. An important basis for this is the adequate measurement of consumption. More than two-thirds of our properties are now connected to our energy control and alarm management system. This allows us to centrally monitor the relevant consumption values of our properties and take corrective action if necessary. With our "Optima" project and the more systematic integration of the data required for the Wüest ESG rating, we are continuing to advance the recording and performance tracking of measures.

Optimisation of operations

Often, once in operation, new or renovated buildings consume significantly more energy than predicted ("performance gap"). Once proper operation and tenant comfort has been ensured, the next stage involves energy optimisation, as occurred for instance for the properties of the renovation project **"Bahnhofquai/-platz" in Zurich** where, thanks to the efforts made to optimise the operation of the common heating system, an annual energy saving of 10% is anticipated.

Newly emerging problems with comfort or sudden increases in energy consumption for various reasons – in particular as a result of working from home or in the wake of pandemic-related office closures – cannot be excluded even during operation. The optimisation of operations from an energy perspective must therefore increasingly be regarded as an ongoing task. The focus is on efficient plant operation, which we ensure for the entire expected duration. Depending on the particular use at issue, the task of optimisation can also consist in preventing energy consumption from rising. For example, an optimisation project has been launched at **Förrlibuckstrasse 60, 62 in Zurich** in partnership with the largest tenant. The first measurement taken one year after the start of work identified a reduction in heating requirements by around 25%.

The growing complexity of building technology also increases the demands for expertise amongst caretakers. Broad specialist knowledge covering all trades is necessary to ensure seamless and efficient building operation. In 2023 efforts were continued in the area of **caretaker training** with a focus on building automation, electrical engineering and ventilation technology as well as an exchange of experience.

"Our buildings and the technology contained within them are constantly developing. We have to stay on the ball in order to enable them to operate efficiently. Alongside the "official" aspect of training, informal exchanges are also very important for us. This is the only way we can discover each person's technical strengths and weaknesses, so that we can support one another in our everyday work."

Uli Peterschewski, Technical Caretaker, responsible for the ATMOS building in Zurich

Environmental performance measures pages 298–299: Electricity, district heating and cooling, fuels (oil/gas) – "Like-for-like", Greenhouse gas emissions scope 1 and 2 – "Like-for-like", Energy intensity, Greenhouse gas intensity

Focus Issue: recording of tenant electricity and scope 3 calculation

The picture of a property's energy consumption or CO_2 footprint is only complete if it also includes the electricity acquired directly by tenants from utilities in relation to the usage of their areas (e.g. lighting or operating devices) in addition to the electricity obtained by the landlord. In 2023 we implemented the first package of measures to record this "tenant electricity" more efficiently. Initial assessments of around two thirds of properties based on overall electricity enquiries with utilities revealed large differences in tenant electricity consumption per unit of surface area – depending upon usage and the level of technology deployed – but also considerable variation in the ratio between landlord-obtained electricity and tenant electricity.

Current estimates based on the data assessed give the following picture:

	2023
2023 electricity consumption, landlord-obtained	27 474.1 MWh
Estimated electricity consumption, tenant-obtained	75 828.4 MWh
Estimated scope 3 emissions for tenant electricity (category 13, location-based)	1 372 t CO_2e

Based on these estimates, the incorporation of tenant electricity into energy and CO_2 calculations results in total **energy consumption (i.e. plus energy consumption for heat, see table of figures on pages 298–299) of 162 944.4 MWh. This results in an energy intensity of 173 kWh/m² and a CO_2 intensity of 10.29 kg CO_2e/m^2.**

Priority 2024 We aim to introduce a systematic process for recording tenant electricity and on this basis to refine and review the calculation of scope 3-CO_2 emissions (according to the Greenhouse Gas Protocol category 13: "Downstream Leased Assets").

Water consumption and waste prevention

Aside from the focus on energy efficiency, we are attempting to raise users' awareness, as far as we are able, also regarding other environmental issues, including especially saving water and avoiding waste.

- **Water consumption:** as a general rule, office buildings are not major consumers of water. Water-saving valves and devices are installed in new and renovated buildings. The increase in water consumption following the considerable decline during the pandemic continued also during the reporting year. There is a strong correlation between office occupancy and water consumption, i.e. water consumption rose in line with the increasing return of workers to the office. Specific water consumption rose during the reporting year by 11% to 0.43 m^3/m^2. However, consumption is still below pre-pandemic levels. It has not been possible to establish definitively whether this occurred thanks to water saving measures or as a result of ongoing under-occupancy of certain offices.
- **Avoiding waste:** since waste disposal and the payment of volume-based waste charges are the responsibility of the tenants in Switzerland, we do not as yet collect any data relating to waste. However, we endeavour to support our tenants in this area and to provide suitable infrastructure and access to services in order to avoid generating waste and to enable and simplify reusage and recycling. For instance, action was taken to improve recycling options for various properties in Zurich West.

Priority 2024 Sensible options for recording the volume of waste generated in our properties should be tested for selected properties.

Environmental performance measures pages 298–299: Water consumption – "Like-for-like", Water intensity

Service orientation and wellbeing of tenants

Our tenants should feel at ease in our buildings so that they can carry out their business activities productively and successfully. This includes a pleasant indoor climate and suitable infrastructure enabling efficient work and engagement in social contact, as well as supporting a good work-life balance. It is also important to guarantee safety and security.

A long-term customer relationship begins with the rental of offices or retail spaces. However, its basis is laid even earlier, during the first customer discussions, the evaluation of the ideal property, and the professional handling of the rental process. This step is followed by comprehensive support for fit-out and occupation. After that, it is the task of our property managers and local caretakers to identify new customer needs at an early stage, provide proactive support, and take the appropriate measures. **Setting us apart from other companies, we offer all these services in-house.**

Good communication is essential in order to identify the needs of tenants and also to raise their awareness concerning issues such as climate change. The following issues are addressed as a matter of priority:

- **Digitalisation in property management and marketing:** through improvements in digitalisation, we can react even faster and in a more targeted manner. Also in marketing, we are achieving greater transparency, efficiency and improved support for customers in finding the ideal property. Efforts are underway, for example, in the areas of electronic rental dossiers, 3D visualisation and electronic rental contracts.
- **Tenant fit-out:** here we have enhanced our capacities in 2020 with the creation of the Business Development Team so that we can better meet the specific needs and increased requirements of our tenants in terms of technical infrastructure, flexibility and sustainability.
- **Raising tenants' awareness:** we would like to raise our tenants' awareness in relation to sustainability and make them more involved in our efforts, for example in relation to energy optimisation and water saving. All new leases now contain a corresponding sustainability clause. This more intensive dialogue is also an important element within our **project "Optima".**

  More about our property managers' everyday lives and the emerging challenges relating to technology, digital transformation and sustainability: www.psp.info/property-managers

A broad-based tenant survey was carried out in 2023, which was completed in mid-December. It included a large number of questions concerning wellbeing as well as sustainability demands. The answers will be assessed in detail in 2024 and action will be taken where necessary.

Priority 2024 We would like to support our tenants in taking appropriate account of sustainability considerations such as energy efficiency, reusability, indoor climate or security when planning their tenant fit-out work. A booklet addressing these issues is due to be completed in 2024.

Priority 2024 We aim to draw up an action plan for the systematic incorporation of sustainability clauses into leases.

Priority 2024 The tenant survey carried out in 2023 needs to be assessed in detail. On this basis, priority areas for action will be identified and tangible action taken where necessary, also in the field of sustainability.

Social performance measures page 301: H&S impact assessments and number of incidents

Fine dining and great parties

Thanks to the self-check-in facilities, the hotel no longer requires a reception on the ground floor. This enabled us to fulfil the wishes of the successful restaurateur family and expand the existing Ristorante Luce to include a new wine lounge and an event hall. The news soon spread that the food at the “Galleria” opened in 2022 is just as good as it is in the “Ristorante”.

Renovation as an opportunity

The necessary renovation of the old “Hotel Metropole” at Zeughausgasse 26, 28 in Bern offered the opportunity to implement an innovative hotel concept with a new operator, whilst at the same time providing the desired expansion for the existing operator of the restaurant.

“Following the renovation of the property at Zeughausgasse our family gained a new child: the Galleria Luce. It complements our restaurant and also specialises in delicacies from Emilia Romagna. We have been tenants of PSP since 1999, so it feels like a genuine partnership. We have had a friendly relationship, and we treat each other fairly in a spirit of mutual respect. For instance, during the pandemic PSP – of its own accord – helped us out a little on the rent and almost all of our wishes were taken into account during the renovation work. My brother and I have just been able to sign a new, long-term lease – thus ensuring that the two units can be passed on to our sons.”

The two managing directors Nilo Nilovic (left) and Stevo Nilovic (right) with PSP construction project manager Roger Hänggi

The old roof beams remain

Thanks to the raising of the roof truss and the incorporation of a second row of dormer windows, it was possible to free up the second attic floor for hotel rooms. The old roof beams were retained. The challenge was to fulfil the needs and building requirements applicable to the operator and its interior designers whilst at the same time complying with the parameters prescribed by historical monument preservation authorities.

Imposing stairway

The central stairway was restored as closely as possible to its historic appearance, and the lift installed in 1967 was removed from the centre of the stairwell. A new skylight on the roof terrace provides natural lighting for the building's vertical connecting shaft.

An unimpeded view of the Alps

The cosy roof terrace can be accessed by all guests of Stay KooooK and offers a stunning view over the roofs of Bern's Old Town across to the Alps. If you're lucky, you'll be able to make out the Eiger, the Mönch and the Jungfrau.

"In September 2022 we moved in to Zeughausgasse with Stay KooooK, and I can already say that the location is absolutely perfect. We were able to take over a great property here, and there was constant engagement with PSP throughout the renovation process. We at SV Group were actively involved in planning and were able to make our full contribution. Cooperation is still working seamlessly, and if I have any concern or if anything isn't working PSP deals with the issue right away."

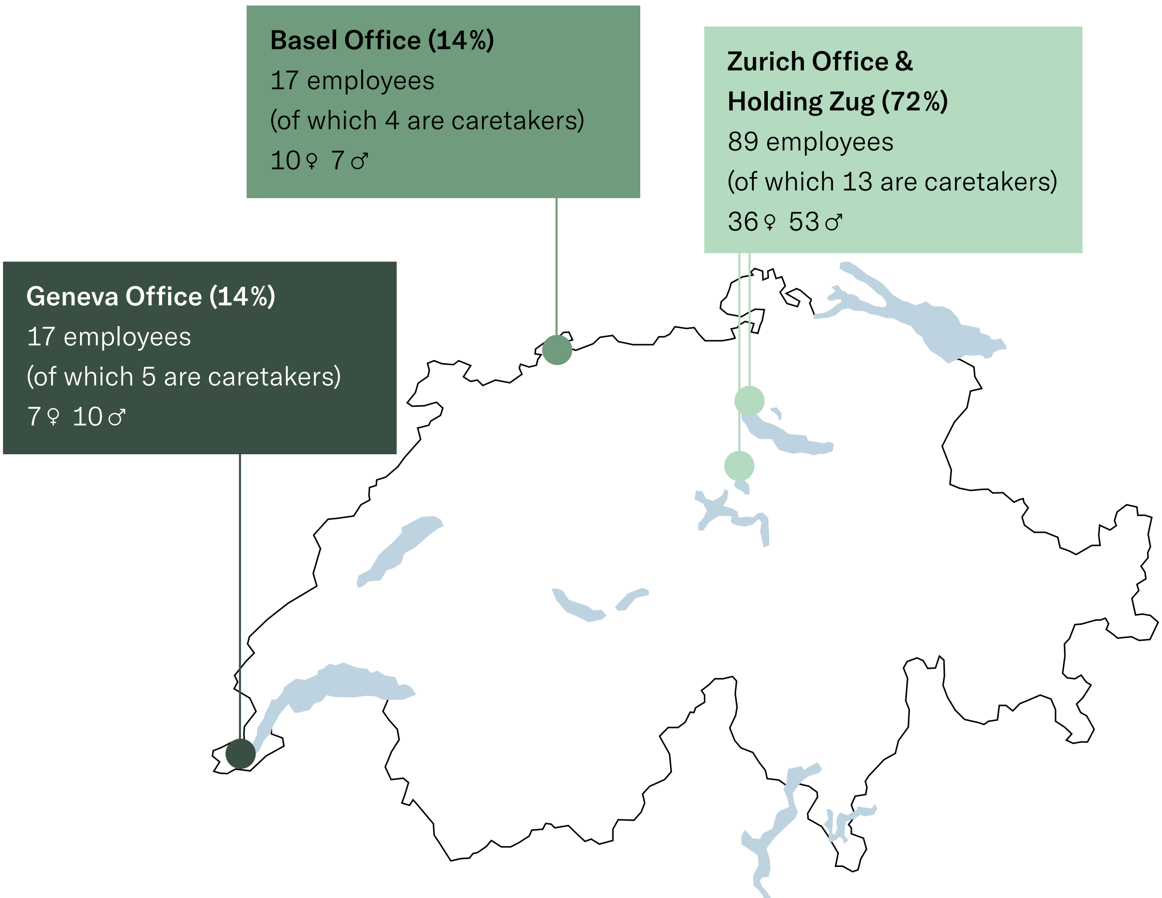
Cécile Vassallo, Operations Manager, pictured with Cedric Maderer, Product Manager, SV-Hotel Stay KooooK

Uncomplicated comfort rather than formality
PSP has been impressed by the Stay KooooK concept of SV Hotel Ltd with its lean operating concept, enabling low-cost accommodation to be offered in the city centre. At Stay KooooK, guests can experience the relaxed atmosphere of shared accommodation without having to forego the attentive service offered by a hotel. The large, tastefully arranged residents' lounge and kitchen with its various seating options also facilitates spontaneous, impromptu encounters.

Employees

Well-trained, competent and motivated employees are the key factor in the success of our business. We offer an attractive, safe and varied working environment that increases the motivation of our employees and enables them to perform to a high standard.

At the end of 2023, 123 employees were working at PSP Swiss Property, 22 of whom were caretakers (end of 2022: 122 employees, 22 of them caretakers). The caretakers work on a property-related basis and are managed by the property management unit of PSP Management AG. Details on our operational organisation can be found on our website.
www.psp.info/en/operative-organisation



Corporate culture

Credibility, respect, fairness, pride and team spirit. These values are important for us, and we seek to embody them through our actions. With our open corporate culture, we lay the foundation for creating trust, conveying security and convincing all our stakeholders with optimal solutions. PSP Swiss Property has thus already been certified twice as a **"Great Place to Work" (GPTW)** and commended as one of the best employers in the category of medium-sized enterprises. Our principles on employment rights and obligations are also set out in our **Code of Conduct.**
www.psp.info/our-approach and www.psp.info/en/great-place-to-work

Priority 2024 We aim to carry out another employee survey according to the "Great Place to Work" methodology.

Workplace culture and communication

An **open discussion culture, flat hierarchies, and our manageable size** allow us to efficiently exchange and discuss ideas, information and concerns. In the context of collaborative corporate management, as much responsibility and competence as possible is transferred to the employees.

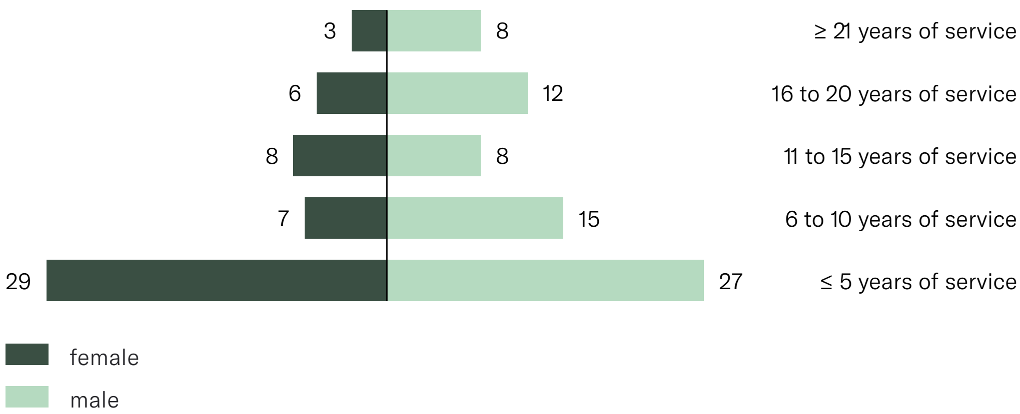
We welcome the uncomplicated and interdisciplinary exchange of information and ideas among our employees. For this purpose, we want to create thinking and work spaces that can also bring employees and business partners together in an uncomplicated way. Our so-called "Collaboration Lab" at the **Zurich site** is actively used for exchanges. Also the new office premises in **Basel, Geneva and Bern** are equipped with modern workstations, meeting rooms, kitchens and various other inviting opportunities for formal and informal exchanges (see also the focus issue "Office infrastructure as a driver of organisational change" and photo pages 272–273).

We inform all employees in a timely manner about important business transactions and internal matters (such as personnel information and organisational changes) in German and French. In the interest of good internal networking and communication, employees are regularly informed in writing or verbally about current topics, developments and goals of the Company as well as about the current course of business on the occasion of the quarterly reporting. The improvements in cross-departmental information and communication thanks to adjustments to the IT infrastructure are discussed in the section “Operational efficiency” on page 254.

Cooperation among us is built on reciprocal appreciation, respect, loyalty and responsibility. GPTW surveys have confirmed that employees like working for PSP Swiss Property. During the reporting year, more than half of our employees had been with the Company for more than five years. The staff turnover rate, which has been around 10% for several years (2023: 8.1%), is testament to this stable staffing level.

Social figures page 300: Employee turnover

Years of service of employees



Equal opportunity and diversity

We offer all employees the same opportunities. We do not tolerate discrimination in any form. It is only by ensuring equal opportunities for all along with a diverse workforce that we can draw in an optimal manner on the experiences and perspectives of all employees alike as a source of innovation, problem solving and dedication.

There are a number of dimensions to diversity: apart from the “core dimensions” such as age, gender, sexual orientation, ethnic and social origin, physical and mental capabilities or religion there are also “external” factors such as education, marital status, parental status or recreational behaviour which can also influence cooperation within teams and affect performance. We attach great importance to diverse teams. However, apart from gender distribution and age structure, we deliberately do not keep statistics on all possible diversity characteristics. Our regular surveys confirm that diversity is well represented in the workforce and that everyone feels they are treated fairly.
www.psp.info/corporate-culture

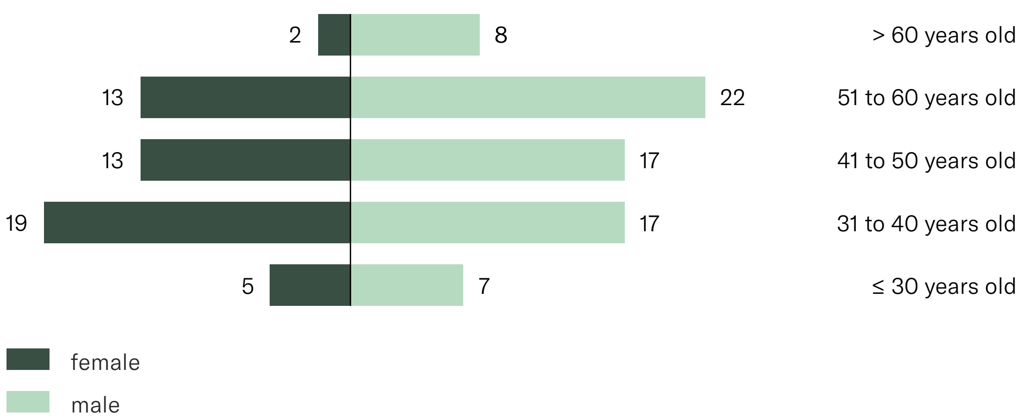
Three areas deserve special attention:

Gender equality: the property and construction industry is traditionally male-dominated. With 53 **women** working for the Company, their **share in 2023 was 43%.** Whereas roughly the same numbers of men and women work in Property Management, women are still greatly under-represented in the Construction and Caretaker departments. It is quite unlikely that the proportion of female caretakers will increase significantly over the coming years. We strive hard to recruit women in male-dominated areas such as the Construction department. Nevertheless, out of 17 employees in construction, only two are currently female. The structural problem in this sector is also apparent as regards the representation of women within senior management. Although the externally audited equal pay analysis has confirmed that we are exemplary in achieving equal pay between men and women, it is clearly apparent from the figures on page 300 that there are not enough women at the two highest hierarchical levels. This is recognised. Since the number of people in the Executive Board and senior management is relatively small and turnover is low, it will take some time until the picture changes.

Social performance measures page 300: Gender diversity

Inter-generational cooperation: we take the challenges associated with demographic change in Switzerland very seriously. We always seek to create mixed-age teams. In future, both younger and older employees will have to be increasingly ready to benefit from one another's experience and knowledge. It is also important that employees of every age can ensure their **continuing employability through constant core and advanced training.** Deserving employees may continue to work also after retirement age. To give young people an insight into the world of work, three students completed an internship with us in 2023. Following the successful recruitment of an apprentice in the area of operational maintenance in summer 2022, a concept for an apprenticeship in the commercial area will be drawn up in 2024.

Age of employees



Cooperation and dialogue across linguistic boundaries: in order to break down language barriers between German and French speaking employees, we offer language courses, which can be attended in the office during working hours in the office or online. Furthermore, joint events or projects with staff from both language regions and regular mutual visits promote mutual understanding. Meetings are held at different locations whenever possible.

Fair market salaries

We pay competitive market-based salaries, which we determine individually according to criteria such as education, function and level, professional experience and performance. All employees receive a bonus based on individual performance and business results, as well as benefiting from other advantages. These include free continuing education and the financing of accident insurance as well as the provision of daily sickness benefits insurance by the employer. By providing financial support to employees for the use of public transport, we also make an additional contribution to ecological sustainability.

In order to ensure equal pay between men and women, we regularly compare the salaries of our employees. We also always compare salaries when hiring. The equal pay analysis carried out by an external company for the first time in 2020 confirmed that PSP Swiss Property is a fair employer. Following an audit by the auditing company SGS[4], we were therefore awarded the **"Fair-ON-Pay+" certificate** in June 2020. Fair-ON-Pay is a standardised analytical process, which measures pay equality between men and women within a company according to current Federal Government requirements. This is carried out using amongst other things Logib, the standard analytical tool used in Switzerland for salary equality analyses, which has been developed in accordance with the requirements of the Federal Office for Gender Equality (FOGE). Thanks to the successful initial analysis and the reassessment in the third year (2022), it was confirmed that both data and operational pay equality requirements are still being complied with and thus the SGS certificate issued for four years can be maintained.

Priority 2024 We will carry out another equal pay analysis.

Social performance measures page 300: Gender pay gap

4 SGS (Societé Générale de Surveillance SA) in Switzerland is one of the leading providers of services in the areas of auditing, testing, verification and certification and employs around 200 staff at six locations throughout Switzerland.

Focus Issue: office infrastructure as a driver of organisational change

During this period of globalisation and digitalisation, the expression “New Work” is being increasingly used in relation to new forms of work. It was already being used as early as the 1980s as a countermodel to forms of work in industrialised societies. Today, the key issue is still the same: shifting from rigid hierarchies towards working with enthusiasm and self-motivation, and with as much individual responsibility as possible. Employers also benefit from this, which can thus get the best out of their employees.

The real estate sector is quite a conservative industry, with clear departmentalised thinking and hence also action. But how can we get departments to work more closely together? How can we build the trust required as a basis for promoting individual responsibility and initiative?

The design and construction measures pursued by CEO / CFO Giacomo Balzarini over the last 7 years have been a key success factor in achieving this goal. They have been able to transform the workplace culture and – without any hierarchical orders – break down old structures and achieve positive change in how we work and cooperate.

Year	Measure	Effect
2017	**Zurich business location:** connection of the 2nd and 3rd floors by a central internal stairway and additional creation of opportunities for exchange in the vicinity of the stairway (“Colab” and “coffee bar”)	– Making departments visible to one another – Gradual breaking down of “silos” – Improved cooperation between departments
2018	**Zurich business location:** fitting out of a generous kitchen and a fitness room on the 4th floor and relocation of the IT team from their “cubbyhole” to an integrated location on the 2nd floor	– Reciprocal understanding among employees from different departments is further promoted through informal discussions – Making IT more visible enhances awareness of digitalisation
2019/20	**Holding headquarters Zug:** modernisation of the office at Kolinplatz 2	– Creation of an engaging atmosphere for meetings
2020/21	**Basel business location:** move from Olten to Basel into state-of-the-art office premises at Kirschgartenstrasse 12	– The physical vicinity to portfolio properties as well as tenants facilitates faster action and closer and more personal relationship management – thanks also to meetings in our own, attractive meeting rooms – Open-space rather than individual offices promotes cooperation between Property Management and Construction
2021/22	**Geneva business location:** move to recently renovated premises at Rue du Prince 9	
2022/23	**Bern branch office:** opening of a small office in the renovated property at Käfiggässchen 26	– Employees responsible for the Bern portfolio can also work flexibly in Bern and thus deal with projects and tenant concerns more efficiently and with a personal touch
2023	**Zurich business location:** closure of the archive areas on the 3rd floor and creation of new working spaces (cooperation space, Metaverse room, Home@Office)	– Accelerated switch to digitalisation – Creating space and openness to “experiments” in the field of digitalisation
2023/24	**Zurich business location:** internal connection between the 3rd and 4th floors	– Better access to the Executive Board on the 4th floor

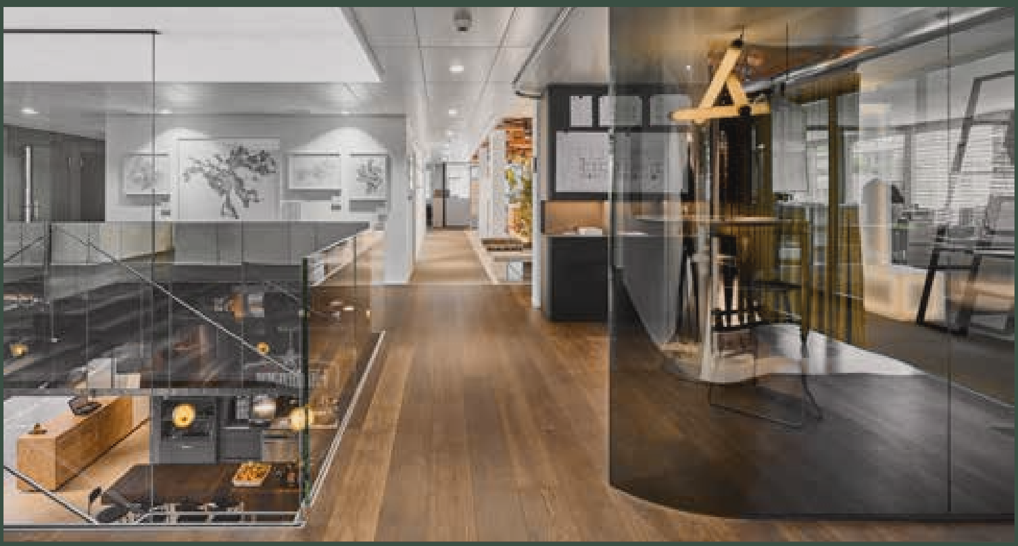
As a result of these measures, employees from the various departments now work together in a much more relaxed and natural way than before. In addition, they think more holistically and engage with problems and challenges together. Improvements in IT organisation have also made a major contribution to this satisfying development (see page 254), although this process is not yet complete.

We are consciously taking the various renovation and conversion projects as an opportunity to pool experiences in spatial design and to develop the business further. What is and remains important in this transformation is for our identity and values to be tangible at all times. Our employees are extremely proud of the versatile, attractive premises, which serve as an inspiration – not only for employees themselves but also for business partners, clients and prospective employees alike. This has also had a positive impact on the image of PSP Swiss Property as one of the leading providers of office space and as an attractive employer.

Most of the structural work will have been completed by the middle of 2024. However, we are still mindful of the fact that our work is constantly changing and that we will have to pre-empt these changes. A workplace needs to change, and should be ideally prepared for change. We aim to instil this knowledge also in our tenants.

Our film offers a visual journey through our location at Seestrasse 353 in Zurich:
www.psp.info/en/seestrasse

Further impressions of our office premises can be found here:
www.psp.info/office



Employee development and retention

We are aware of our responsibility as a company to provide employees with further training and support them in realising their potential. After all, we also benefit from well-trained, motivated employees.

Recruitment

We are looking for people who fit into our corporate culture and identify with our values. This requires expertise and willingness to perform, but also a high level of service and customer orientation as well as social skills. We attach great importance to the careful introduction of all new employees into our organisation. In the reporting year 2023, 11 employees took up new positions.

Social performance measures page 300: New hire rate and turnover

Assessment and development

Personnel reviews to discuss individual situations or development discussions are held regularly on an ongoing basis between managers and employees. It is particularly important for us to hold development discussions not only at the end of the year but also throughout the year. Our aim in doing so is to take account of the wishes and goals of employees, although also to identify their contribution to achieving goals within the Company. During the reporting year most managers held a discussion of this type at least once with each employee working under them (88%).

We also promote the professional and personal development of employees and encourage them to engage with their everyday work creatively and with a sense of individual responsibility. Our internal themed lunches (“PSP Academy Lunches”), which we hold on a regular basis, are popular. During the reporting year, they considered issues such as for instance “New Work”, embodied carbon or sleep satisfaction. We are also regularly raising our employees’ awareness concerning issues related to cyber-security, and promoting expertise in the field of digitalisation.

External training and continuing education include courses in the areas of real estate, IT, management, communications, accounting, and sustainability. In addition, we have been offering our employees courses free of charge in German, French and English for a number of years.

Selection of various training and development programmes attended by our employees in 2023

- MAS in Real Estate CUREM
- CAS in Leadership
- Head of Facility Management FD
- Cambridge EMBA
- Real estate trustee FD
- NDS HF Digital Transformation
- MAS in Energy and Resource Efficiency
- Expert in Finance and Accounting FD
- Property Manager FD
- Business Economist
- Language Courses

In 2023 each employee completed an average of 5.4 days of internal or external training or continuing education. The increase in the number of hours dedicated to training in 2023 is mainly a result of the more intensive internal training provided to all employees in IT as well as time-intensive training provided to individual employees in specific areas.

Despite being aware that opportunities for development at a Company with 123 employees are limited, it is important for us to develop and support employees within our Company, for example by moving them between departments or by taking up new positions. Wherever possible, we also attempt to offer job enrichment by allowing employees to take on greater responsibility or representation authority.

Social performance measures page 300: Training and development, performance appraisals

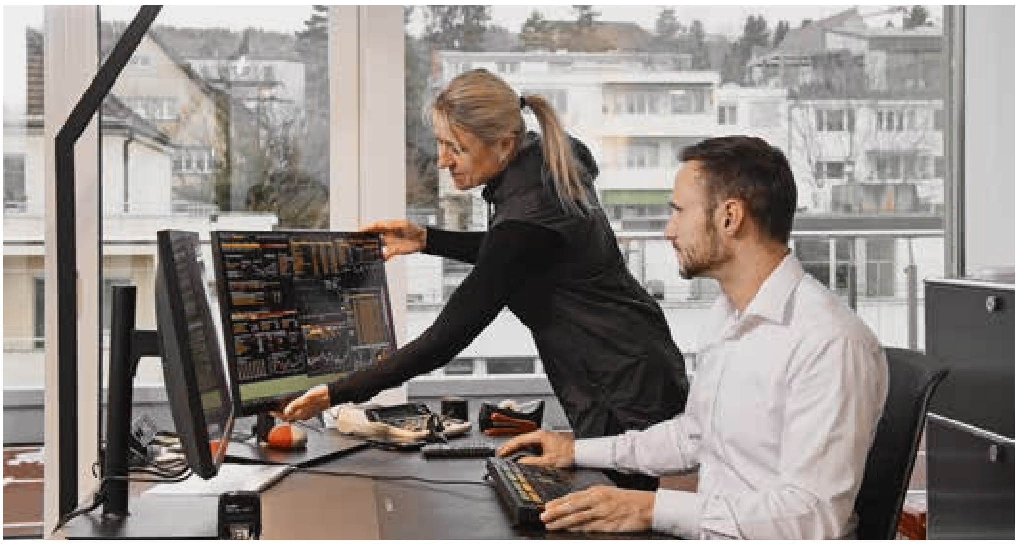
Employee health and wellbeing

A comprehensive and effective system of health management is indispensable for lasting commercial success. It not only promotes the wellbeing of our employees but also increases their productivity and reduces absences due to illness. A safe working environment and a good work-life balance are essential aspects of this.

Health and safety

Workstations and ergonomics: generous, modern working spaces and high-quality infrastructure are a matter of course for us. In line with the strict Suva (Swiss Accident Insurance Fund) standards, we provide all employees with ergonomic chairs and desks equipped with electric height adjustment. In 2023 all workstations were subject to an ergonomic audit at all locations and employees were provided with tailored advice by specialists.

Our specialist provides suggestions and focuses on the following criteria:
– comfortable posture when carrying out activities that involve sitting or standing
– correct configuration of desk and chair
– optimal arrangement of working equipment
– sufficient and glare-free lighting
– correct distance from the screen for enhanced visible comfort
– sufficient space to move
– setting of appropriate breaks



Meals: all locations have a bright cafeteria area. When purchasing products, we support Swiss family businesses or our tenants where possible.

Fitness: the in-house fitness facilities set up in Zurich are actively used by our employees. Our employees in Basel and Geneva benefit from contributions to fitness subscriptions. During the reporting year, PSP Swiss Property participated for the fourth time in the Swiss-wide health promotion initiative “bike-to-work”. Combined with the additional opportunities for our employees to create their own personalised fitness programmes, this encouraged a number of employees to pay more attention to their physical health and to seek to improve it.

Occupational health and safety: we naturally ensure that our buildings do not give rise to any risks for employees (e.g., from VOC emissions from carpets or risks of falling). In the field of occupational health and safety, we work in accordance with our safety guideline, along with the corresponding emergency concepts, including an emergency handbook and emergency contact numbers. Each business location has an appointed safety officer, and each new employee is trained by the safety officer. Courses are held regularly (first aid, defibrillator and fire prevention courses), and tests are carried out with all staff. Cleaning staff also receive instructions and training.

Social performance measures page 300: Injury rate, lost day rate

Work-life balance and mental health

We are responsible first and foremost for the wellbeing of our employees at work, but we are aware of the challenge of balancing work and private life. Balance is important for personal development. It also strengthens physical and mental health and general wellbeing.

Flexible working time models: in 2018, we introduced the so-called "annual working time" for all employees and caretakers. On the one hand, this enables us to increase operational efficiency, but on the other hand it also increases the time autonomy of employees, thus ensuring a better balance between family, leisure, and career. Since 2020, the holiday entitlement for all employees has been at least five weeks, corresponding to 25 days per year. The legal minimum in Switzerland is four weeks, or 20 days per year.

Part-time work: we also offer part-time work in order to exploit all potential and enable family compatibility. Part-time work after retirement, continued employment on an hourly basis or early retirement are also possible. In 2023, 42 employees were employed part-time, which corresponds to more than a third of the workforce and includes employees at all levels.

Working from home: all employees are equipped so that they can work from home. The working methods introduced during the pandemic as well as the competences developed in the area of digitalisation have proven to be beneficial. There is always scope for working from home, in consultation with line managers. Nevertheless, we still consider the office to be the most important place or anchor point where our corporate culture and values can be communicated and actively lived. Our office space is therefore set up in such a way that all employees feel comfortable and can use various options to do their work where it makes the most sense (see also focus topic "Office infrastructure as a driver for organisational change" on pages 272–273).

Mental health: healthy sleep is important for mental health and resilience. In order to raise employee awareness in this area, we organised a “Lunch Academy” on the topic of healthy sleep in the reporting year. We further offer our employees the opportunity to obtain free, anonymous advice on personal or professional matters from external specialists. In order to deal with any potentially stressful crisis situations, we have had a contract with a care organisation since the beginning of 2020 that could support us in dealing with them.

Social performance measures page 300: Absentee rate

Priority 2024 We want to intensify our efforts in relation to occupational health management and thereby pay particular attention to the mental health and resilience of our employees. This continues to include active absence management.

Small, but refined

During the course of the renovation of our Bärenplatz properties, a small but refined PSP office was created at Käfiggässchen 26. This means that the employees who manage the Bern portfolio can work flexibly from the Bern branch office whenever required. This enables them to follow projects more closely and to manage our tenants with a more personal touch.

Happy to meet here
The Bern office has a welcoming meeting room with wooden flooring in the traditional Bern style and is ideal for discussions with clients or business partners.

“Although I work for our Basel business location, I often have to be in Bern for our commercial properties. Our office’s location is fantastic – right in the middle of the Old Town. The thing that I particularly like about my work is the diversity. No individual day is the same as any other, and a single call can turn everything on its head. We are on the road a lot and in direct contact with tenants, tradesmen, prospective clients, authorities etc. That’s what our job is about.”

Barbara Berger, Property Manager

"My job is the best job in the world. Whether it's the Bärenplatz project or replacing a heating system: every project has its own appeal and demands my full attention. I am right in the thick of it, but also appreciate the peace and quiet of our Bern branch office – right at the heart of our democracy, rubbing shoulders with Federal Councillors and Members of Parliament. And some day I'm sure I'll find the time for a quick dip in the Aare."

Roger Hänggi, Head of Construction North-West Switzerland

"I am responsible for the Old Town properties in Bern, and there's always something to do there. A property return here, water damage there – it really makes sense to be able to communicate with my tenants on a regular basis. That also makes my work extremely varied: regular contact with the widest range of people and plenty of discussions that enrich my outlook."

Stefanie Imhof, Property Manager

“Renovating the listed buildings on Bärenplatz was a complex task. Teamwork and good communication with the authorities and external partners were both key for planning and execution. I was very happy to steer the project from start to finish and to lead it to a successful conclusion.”

Christoph Sättler, Asset Manager

Finances and disclosure

We create added value through portfolio optimisation and external growth. Financial strength and flexibility are key aspects for us. Imposing the most exacting requirements in relation to disclosure means that our investors and other stakeholders can also see this for themselves. This secures our access to the capital market.

Financial strength

We take care that our financial capacity is strong at all times. This involves, amongst other things, keeping our debt low, with an equity ratio of 53.3%. Furthermore, we focus on refinancing that takes account of our conservative investment policy. Identifying, measuring and managing risks is allocated a high priority. A detailed report concerning our assessment of real estate market risks and financial risks such as credit risk, liquidity risk, market risk and equity risk, is provided on pages 73–80. Our Financial Statements on pages 53–149 provide ample evidence of our financial strength and our successful management. Investors are also increasingly focusing on risks related to climate change and other risks arising from the interaction with the environment and society (see Focus Issue “TCFD Reporting” on pages 288–297).

Green finance approach and linkage of remuneration to sustainability targets

In November 2022 we launched our Green Bond Framework. This involved the reclassification of all outstanding bonds of PSP Swiss Property as green bonds. Future bonds will also be issued as green bonds. On 5 May 2023 we published our first Green Bond Report as one of the Q1 2023 publications. This significantly increased transparency in relation to sustainability at asset and portfolio level. In the spring of 2023, all bank loans were also linked to sustainability criteria (“sustainability-linked loans”). The

Green Bond Framework as well as green credit are based on the Green Asset Portfolio. The inclusion of a property in the Green Asset Portfolio is based on two criteria: effective CO_2 emissions per square metre and a property-specific sustainability rating (Wüest ESG rating). The core aim of this framework is to achieve ongoing improvement of CO_2 emissions along our existing reduction pathway. The threshold for accepting investment properties is currently 12 kg CO_2e per square metre. The Green Finance approach underscores the significance of sustainability as an integral part of our strategy in terms of the linkage between financing through borrowed capital and the sustainability strategy, and in particular our obligation to reduce CO_2 emissions. In order to provide greater weight to this focus, as of 1 January 2024 the formula used for calculating the variable, performance-related remuneration of the Executive Board will now take account of compliance with corresponding sustainability criteria. Further details concerning this may be found in the Compensation Report on pages 175–176. Further information concerning our green finance approach can be found on our website.
www.psp.info/green-finance-approach

Priority 2024 At the end of 2023 the World Federation of Exchanges (WFE) published the Green Equity Principles for consultation. They set out a global framework that individual exchanges can use in order to create demand for sustainable listed equities. PSP would like to act as a trailblazer following adaptation for Switzerland and is aiming to secure accreditation.

Transparency and ethical business conduct

We place great value on transparency and ethical business practices. We are a member of the EPRA (European Public Real Estate Association) and have been providing financial reports and sustainability reports according to the EPRA Best Practices Recommendations (BPR and sBPR) since 2010 and 2015 respectively. PSP Swiss Property has been awarded the EPRA Gold Award several times for its reporting in both areas. A focus is placed in particular on the following issues:

Disclosure regulation

In 2022 we conducted a gap analysis of our sustainability disclosure. As part of this process, we compared our existing guidelines and initiatives with the regulations that have already been introduced in Switzerland and the EU or will be introduced in the coming years. We have identified the obligations applicable to us and also considered whether there are any gaps.

We are only directly subject to the **VSoTR** (Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour). However, we are exempt from due diligence and reporting requirements in the field of conflict minerals as we do not import or process sufficient quantities.

We are not obliged to make any **non-financial disclosures** according to Article 964bis to Article 964quater of the Swiss Code of Obligations or under the Ordinance on Climate-Related Reporting, as the number of our employees is below the legal threshold. As a Swiss company operating only in Switzerland, we also do not fall within the scope of disclosure requirements under the various EU green finance regulations. We are aware that many of these requirements may nonetheless be extended to us via the disclosure requirements of our investors. However, we shall prioritise our action and focus primarily on reporting in relation to issues or indicators that are of material relevance for our sector and for us. Acting in conjunction with industry experts, we are endeavouring – for instance by participating in the **REIDA CO_2 Benchmark** – to establish better data on the comparability of energy efficiency and CO_2 emissions for real estate portfolios in Switzerland.

Although we are not legally obliged to do so, we have also decided to report for the first time in accordance with the requirements of the **TCFD (Taskforce on Climate-Related Financial Disclosures)** during this reporting year, which involves disclosing our procedures in relation to the identification, management and measurement of our climate-related risks and opportunities according to this structure (see “Focus issue: TCFD-Reporting”, pages 288–297).

Supply chain

Our materiality analysis and clarifications relating to the VSoTR have established that we do not have any significant risks in the field of human rights. However, it is still important for us to live up to our responsibilities also in this area and to report for instance how we ensure that human rights are guaranteed within the supply chain and how environmental requirements are complied with. Accordingly, at the end of 2022 we adopted a **Code of Conduct for Suppliers and Service Providers** including provisions on ethical business practices, human rights and environmental protection. The Code of Conduct for Suppliers and Service Providers is available on our website.
www.psp.info/code-of-conduct

Priority 2024 The implementation of the Code of Conduct for Suppliers and Service Providers is set to be completed. In addition, we will enhance our processes with reference to the provisions of the VSoTR in the area of construction projects and in relation to certain construction materials.

Cyber-risks

Risks for business continuity and credibility also arise as a result of increasing cybercrime. Attacks on our systems and potential violations of the integrity of our customer data could undermine the confidence not only of our investors but also our tenants. The information security concept was overhauled and updated last year and action was taken on various fronts, for example awareness raising in relation to phishing. In addition, action has been taken to roll our closer monitoring of systems and end devices, so that for instance unusual activities can be quickly identified. In 2023 the risk analysis concerning cyber-risks was tested by an independent partner and further action was identified in order to enhance IT availability and IT security. This also included employee training in relation to secure working in a digital environment.

Focus Issue: TCFD reporting

We want to keep the negative effects of our business operations on the environment and people as low as possible Conversely, we are also examining the extent to which climate conditions and climate risks may adversely affect our buildings, either at present or in future. In order to create transparency in this area, we have decided to report in accordance with the requirements of the TCFD (Taskforce on Climate-Related Financial Disclosures), which involves disclosing our procedures in relation to the identification, management and measurement of our climate-related risks and opportunities according to this structure. Thanks to our long-standing participation in the climate change survey carried out by the CDP (Carbon Disclosure Project), we have already been able to draw on a solid basis.

The TCFD disclosures for the areas “strategy” and “management” will be mostly dealt with in this focus issue. Further information concerning targets and metrics can be found in the “Portfolio” chapter (pages 228–249) and in the KPI table on pages 298–299. **A summary table containing references to content concerning TCFD elements** can be found on pages 296–297. More detailed information can also be found in the answers to the CDP climate change survey. This information is publicly available: www.cdp.net

Climate strategy

We have analysed short-term, medium-term and long-term climate-related risks and opportunities in relation to climate change. The definition of short-term, medium-term and long-term is based on the typical investment cycles in the real estate sector[5]. The following table displays the risks for two opposite scenarios: a scenario under which the world community acts in accordance with the Paris Climate Agreement and takes effective action to reduce greenhouse gas emissions (RCP 2.6), which will entail a large number of transition risks, and on the other hand a scenario under which greenhouse gas emissions continue unabated (RCP 8.5), which will result in an increase in temperatures by more than 4 degrees by the end of the century and will be associated with considerable physical risks (RCP 8.5)[6].

5 Further details concerning timeframes can be found on page 309.
6 A description of the various climate scenarios can be found on page 308.

RCP 2.6		Short-term (up to 5 years)	Medium-term (2030-2050)	Long-term (2051-2100)
Physical risks	**Chronic risks:** moderate increase in heat days (increase by between 1 and 5 heat days by 2060)			
Transition risks	**Regulation:** increasing requirements for the disclosure of climate risk strategy and management			
	Regulation: stricter (local and national) regulations on building standards, the replacement of heating powered by fossil fuels, energy efficiency following renovation, installation of photovoltaic systems			
	Regulation: stricter (local and national) regulations on embodied carbon emissions and circular economy (regulations on reusage, restrictions on demolition)			
	Regulation: increase in CO_2 prices (steering charges or taxes), also affecting the prices of input materials			
	Market: higher energy prices (costs of energy transition towards renewable energies), higher prices for energy efficiency technologies due to demand			
	Market: stricter requirements by tenants on sustainability aspects of properties, lower demand for properties with high energy costs			
	Market: stricter requirements for investors in terms of transparency and proof of measures to combat climate change			
	Reputation: increased reputational risk in the event that standards cannot be adhered or if our measures are considered to be too weak			
	Technology: accelerated obsolescence of technical equipment			
Potential financial implications	– Increasing investment in the early exchange of heating, insulation, higher prices for input materials – Rising opex and other costs for disclosure, certification etc. – Higher financing costs if properties do not comply with strict sustainability standards – Limited flexibility and ability to use properties (limited scope for demolition and new construction, limited choice of materials due to climate change related regulation, limited flexibility due to heritage preservation requirements) – this may also affect acquisition and divestment decisions – Downward correction of valuation of properties with high energy costs/without high sustainability standards (higher vacancy rates, lower profitability), premium for properties with high sustainability standards			

RCP 8.5		Short-term (up to 5 years)	Medium-term (2030-2050)	Long-term (2051-2100)
Physical risks	**Chronic risks:** increasing number of heat days, heatwaves and generally higher average temperatures (2 to 3 °C by the middle of the century)			
	Chronic risks: increasing risk of extended periods of drought			
	Acute risks: higher risk of hail and storms			
Transition risks	**Regulation:** increasing requirements for the disclosure of climate risk strategy and management			
	Market: stronger demand from tenants for cooling systems, as hot offices reduce productivity			
	Regulation: stricter rules on indoor climate			
	Regulation: stricter rules on adjustment to climate change (e.g. insulation, protection against storms and flooding, protection against heat)			
	Regulation: stricter rules on water usage			
Potential financial implications	– Greater investment in cooling systems, insulation, creating shade, electrochromatic windows, greening – Greater investment in measures to protect against inclement weather such as storms and hail – Higher or lower ancillary costs in relation to energy usage, depending upon whether or not higher energy consumption for cooling is offset by a reduction in the energy required for heating – Higher insurance costs for buildings that have not sufficiently adapted to climate change – Need for building re-positioning or disposal on account of restrictions on usage – Reduced profitability and downward correction of valuation of properties for which cooling/insulation is not possible (high vacancy rates, lower rents)			

The most likely scenario lies between RCP 2.6 and RCP 8.5. This means that we must assume transition risks as described in RCP 2.6, although also an increased level of physical risks as described in RCP 8.5, albeit in mitigated form. Overall, we assess both the corresponding transition risks as well as the physical risks to be low to moderate. Conversely however, we do not recognise any significant opportunities. Although our strategy and our financial planning, e.g. for investments, has been affected, this has not been so significant as to result in any significant change in our business model (see "Management/measures" in table page 295). Considerations relating to climate change are also being increasingly incorporated into the assessment of any added value for a property purchased. However, as a general rule we do not sell properties solely on account of their high CO_2 footprint, as a sale will only change system boundaries, and does not solve any problems.

The results of the scenario analysis have confirmed our current business strategy of investing in carbon reduction, energy efficiency and tenant comfort. An important strategic step in setting our climate strategy came with the subjection of debt financing to our sustainability and CO_2 reduction strategy in the autumn of 2022 (bonds) and the spring of 2023 (loans).

Resilience of the strategy

Transition risks

As far as transition risks are concerned, we consider ourselves to be well prepared thanks to the calculation of our CO_2 reduction pathway and the formulation of clear CO_2 reduction targets. An additional comparison carried out during the reporting year between our own reduction pathway and CRREM reduction pathways showed that we are well on track for our 1.5 °C medium-term target by 2035 (see Focus Issue "CO_2 reduction pathway with reference to the CRREM" on pages 230–231). The measures that will be necessary in order to achieve the planned reductions are set out in our renovation plan. We are currently carrying out work to integrate the reduction pathway calculation directly into our renovation planning tool. This will make it easy for us to establish whether the actual pathway is diverging from the originally projected pathway.

We have arranged for a value-at-risk calculation (VaR 5%) to be carried out in relation to transition risks for one part of our portfolio (Basel and Geneva), based on the assumption that measures to achieve COP21 targets (Paris Climate Conference) will be implemented. This established that, whilst the potential loss in percentage terms – including after a renovation has been completed – may well lie in the two-figure range for some individual properties, the average figure is around 5%. This means that some properties could by all means fall in value as a result of transition risks. However, since the properties themselves are high value and are largely situated in CBDs and generate high rental income, the **likelihood of an asset suffering a massive fall in value is low.** It should also be pointed out that the CO_2 tax on fuels in Switzerland is already fairly high compared with elsewhere in Europe at CHF 120 per tonne of CO_2.

Physical risks

Using the tools and databases of two different providers (Munich Re and Wüest Partner) we analysed our portfolio's current exposure to natural hazards as well as the potential change in exposure to these hazards or the emergence of new risks with reference to various climate change scenarios (RCP 2.6, RCP 4.5 and RCP 8.5)[7] over the medium and long term. Although climate conditions between the main cities in which our properties are situated vary somewhat, there is by and large no significant differentiation in terms of climate change risks.

7 A description of the various climate scenarios can be found on page 308.

Due to the location of the properties, our portfolio has very limited exposure to natural hazards such as hurricanes, earthquakes, avalanches or massive flooding. It is thus not necessarily the acute risks but rather the chronic risks that require attention, including above all the increase in heat days or heatwaves and the growing prevalence of dry periods. Rising summer temperatures go hand in hand with rising winter temperatures, resulting in reduced cold stress. Under a scenario that is closer to RCP 8.5, over the long term this may result in more drastic risks such as extreme heat, significantly longer periods characterised by extreme heat days as well as arid periods. However, these effects are more than one investment cycle into the future. By taking appropriate action in relation to each property over the next investment cycle, we should be well prepared to deal with these risks. However, we shall carry out additional, more detailed analyses on how to adapt individual properties to cope with extreme heat and aridity, thereby refining our assessment further. **To summarise, the risks over the short to medium term appear to be low to moderate under all scenarios.**

Current exposure to natural hazards

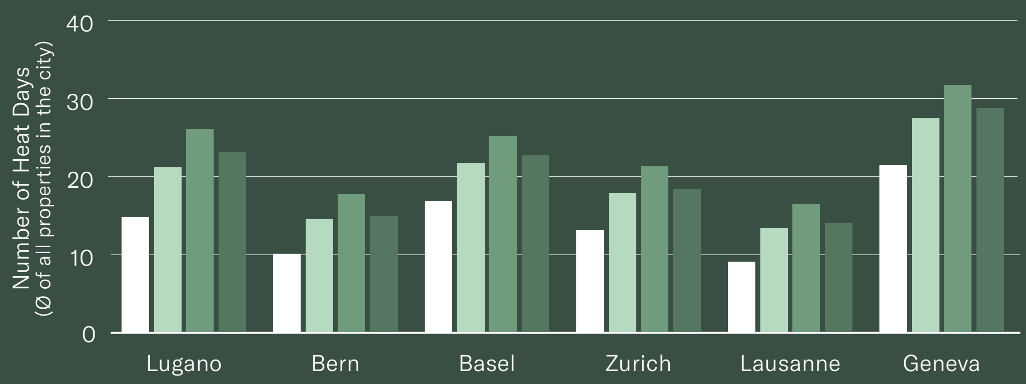
Our portfolio is not or only negligibly exposed to risks associated with volcanoes, tsunamis, tropical storms, tornadoes, lightening and wildfires. On account of the climate zone, part of the portfolio has a moderate to high exposure to storms and hail. As a result of tectonic conditions, properties in Basel are subject to a slightly higher earthquake risk than other properties. In addition, a considerable portion of the portfolio is exposed to an increased flooding risk due to the vicinity of rivers. At present, 76.6% of properties have a low flood risk evaluation. 18.0%, i.e. 30 properties, are situated in areas that would be highly exposed to flooding at 50-year intervals ("zone 50") under an "undefended" scenario, i.e. if any flood prevention measures outside the building are disregarded. However, this type of scenario is unlikely. In the "Defended" view, which takes into account the level of flood defences in a particular area, less than 1% of the portfolio is in zone 50.

Future risks due to natural hazards as a consequence of climate change

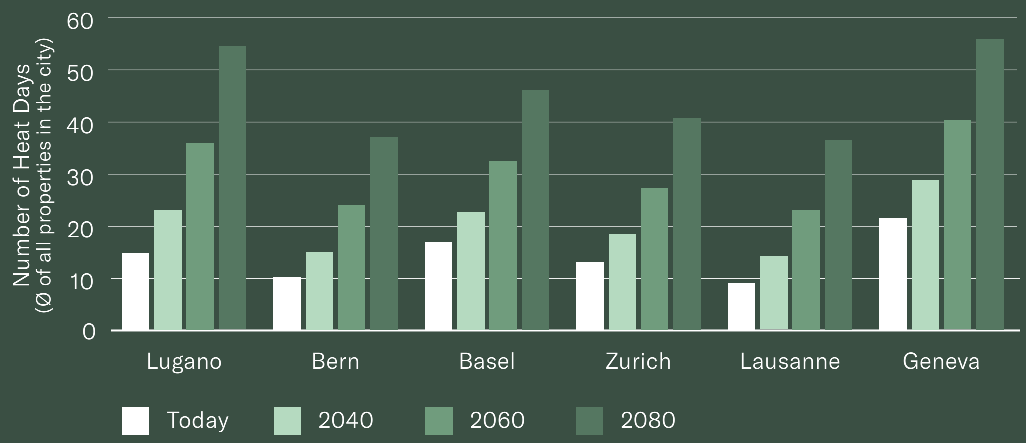
Flood risk: as far as acute dangers such as rivers bursting their banks are concerned, exposure will not change significantly under either the RCP 4.5 scenario or the RCP 8.5 scenario.

Heat stress: when expressed in terms of the heat stress index, which incorporates multiple temperature-related parameters and classifies climatological heat stress scenarios on a scale of 0 (very low) to 10 (very high), the exposure of a large portion of our portfolio has been assessed as "low to medium" under all scenarios in 2050. "Heat stress" in the sense of higher maximum temperatures will only start to have tangible effects from 2050 onwards. If greenhouse gas emissions continue unchecked (RCP 8.5), by the middle of this century the Central Plateau in Switzerland is likely to experience a further increase in average annual temperatures of 2 to 3 °C compared to the norm as measured between 1981 and 2010. High summer temperatures would entail a need for cooling within buildings. On the other hand, warmer winters could lead to a decline in demand for thermal energy. Switzerland uses more energy for heating than for cooling, so the net effect in terms of energy transition could be positive. A key consideration when assessing the need for cooling in relation to the operation of offices is not only peak temperatures but also the number of heat days (days above 30 °C). It has been established that our properties in Geneva, Basel and Lugano are most heavily exposed. It is already becoming apparent that various options for the efficient cooling of office properties are having to be assessed as a matter of course for each renovation project.

Number of Heat Days city comparison: RCP 4.5



Number of Heat Days city comparison: RCP 8.5



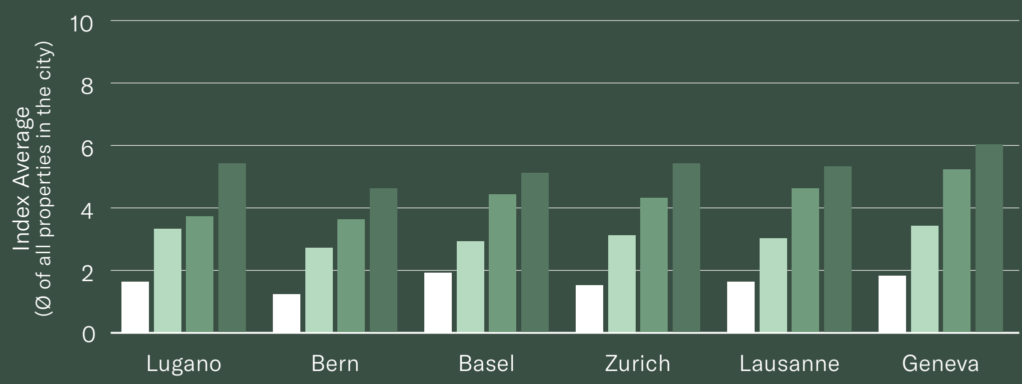
Source: CH2018 – Climate Scenarios for Switzerland/Wüest Partner

Drought stress: the risk of drought will increase sharply for all properties within our portfolio under RCP 4.5, and dramatically under RCP 8.5, albeit starting from a low level. The largest increase in dry periods under RCP 8.5 will occur between 2050 and 2100. In 2050, most properties will still be within the "low to medium range" for drought stress, although it is clear that the risk of extended dry periods will increase. This is less of a problem for offices, and more of a challenge for hotels and restaurants, which may potentially have to consider imposing restrictive water saving measures.

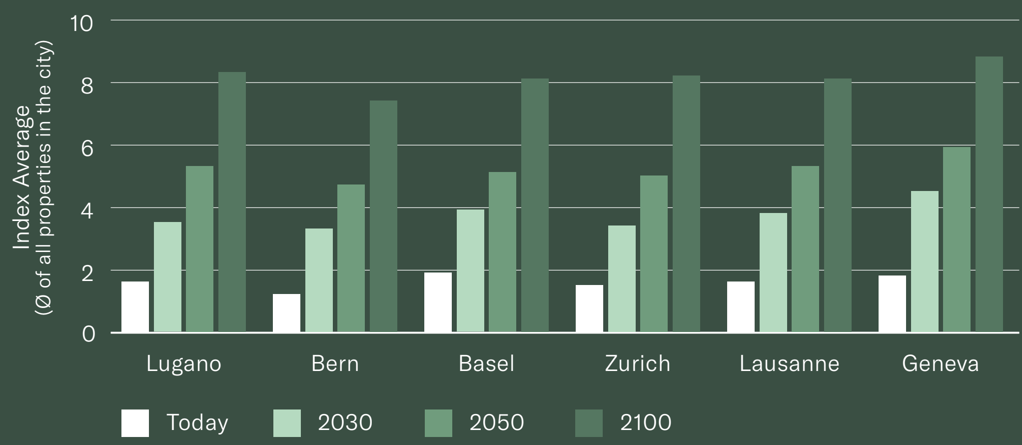
Precipitation stress: 3 properties in Ticino are already exposed to high precipitation stress with an index figure above 9 (they are also exposed to a higher hail risk), whereas all other properties lie within the middle range. This picture does not change significantly under the various climate change scenarios.

Priority 2024 In 2024 and subsequent years we aim to systematically record the state of play regarding adaptation measures for the portfolio and to carry out an in-depth analysis of individual properties in terms of exposure to physical risks associated with climate change.

Drought Stress Index city comparison: RCP 4.5



Drought Stress Index city comparison: RCP 8.5



Source: Munich Re/Risk Management Partners

Management of risks and opportunities in relation to climate change

As is the case for all other business and operational risks, climate-related risks are dealt with and prioritised on the basis of their significance for the Company and the likelihood of their occurrence. We have established both qualitative and quantitative metrics for defining whether a risk has a “significant financial impact”. Risks and opportunities are managed on the basis of our established risk management process. Risks relating to climate change are essentially all directly related to assets. A Risk Report is drawn up twice each year and reviewed by the Board of Directors within the ambit of its responsibility for risks. Depending upon the type of risk, responsibility for and management of risks are delegated to individual members of the Executive Board.

Priority 2024 We shall continue to pursue our efforts to identify and manage climate risks in accordance with the roadmap on pages 296–297 and to communicate these efforts publicly.

Identification and assessment of risks

Regulatory risks
- **Regular meetings** involving Asset Management, Construction, Energy Management and Sustainability in order to exchange information concerning new/future local as well as national and international legal requirements
- **Climate VaR analysis** concerning transition risk for a Paris-aligned scenario, identified low to moderate risks

Physical risks
- **Scenario analysis of acute and chronic risks** for RCP 2.6, 4.5 and 8.5, identified low to moderate risks over the short to medium term, in-depth analysis of properties with slightly higher exposure to physical risks to follow
- **Energy and alarm management** with ongoing monitoring enables trends for heating and cooling needs to be identified at an early stage

Marks risks and opportunities
- **Regular tenant surveys** in order to recognise changing requirements relating to sustainability and climate protection (e.g. expectations in terms of renewable energies, CO_2 emissions, certification of buildings and indoor climate)
- **Regular direct contact with tenants** in order to recognise any potential increase in complaints concerning heat/indoor climate
- **Regular meetings** with district heating and cooling providers in order to identify any delays in network expansion that could jeopardise our plans for CO_2 reduction

Reputational risks and opportunities
- **Regular dialogue with tenants,** business partners and local authorities
- **Regular dialogue with investors** in order to obtain feedback concerning targets and performance on climate-related issues
- **Media monitoring process** (daily)

Management/measures

Asset Management and Construction

Measures to reduce risks (see details on pages 228–249):
- Identification and announcement of a CO_2 reduction pathway 2021
- Incorporation of the calculation of CO_2 emissions into tools for assessing the impact of measures and a comparative review of the original pathway calculated against the dynamically adjusted pathway following any changes in plans
- Consideration of the following aspects as part of any renovation plans:
  - anticipated legislation (e.g. on insulation or overhaul of heating systems)
  - anticipated physical risks, including in particular hot summers (efficient cooling systems, insulation, creating shade, electrochromatic windows, protection against storms and hail, water-saving measures)
  - tenant requirements (e.g. in relation to cooling or energy efficiency)
- Proactive dialogue with providers or district heating and district cooling over several years before any planned replacement of heating systems and agreement on transition solutions where schedules do not overlap and/or connection is unavailable, where applicable, examination of alternative solutions
- Guidelines concerning energy efficiency and material selection for new buildings (e.g. target energy consumption, maximum window area, criteria for embodied carbon) for service providers and suppliers

Risk avoidance measures:
- Investment strategy focused on city centres and creating added value avoids risks:
  - Physical risks: avoidance flood plains, areas prone to landslides, avalanches or coastal erosion
  - Transition risks: lower relevance of energy/CO_2 costs thanks to high land value or high rents
  - Inclusion of climate change risks in the due diligence process for potential acquisitions – can lead to a negative decision in combination with other factors if we cannot create added value with a renovation

Risk acceptance:
- Risk acceptance for certain listed properties where measures such as better shading, high-tech windows or better insulation are difficult or impossible to realise

Transfer of risk:
- Sale of a property (only in conjunction with other reasons for selling a property)

Property management

Measures to reduce risks (see details on pages 254–261):
- Conclusion of leases incorporating sustainability clauses in order to encourage tenants to save energy
- Stronger focus on energy optimisation as an ongoing task, also includes training property managers and caretakers in relation to energy optimisation

Communication

Measures to reduce risks:
- Transparency concerning climate-related measures implemented by us and our portfolio's CO_2 footprint as well as the related CO_2 reduction pathway
- No excessive promises in relation to targets and measures

TCFD – Overview and Roadmap

Questions	Status in reporting year
Governance	
a) How does the **Board of Directors** supervise climate-related risks and opportunities?	– Information via Risk Report
b) What role does **Management** play in assessing and managing climate-related risks and opportunities?	– Management of climate-related risks incorporated into sustainability and risk organisation
Strategy	
a) Which climate-related **risks and opportunities** has the Company identified over the short, medium and long term?	– Assessment of transition and physical risks for various climate change scenarios (RCP 2.6, RCP 4.5, RCP 8.5) and over various timeframes; identification of high-risk properties
b) What **impacts** do the risks and opportunities identified have on business areas, strategy and financial planning?	– Qualitative assessment of effects on capex, opex and rental income as well usability and positioning of properties and evaluation. – Action taken in response to risks and opportunities
c) How **resilient** is the Company's strategy with taking into consideration different climate-related scenarios, including a 2 °C-or-lower scenario?	– Assessment of the portfolio with reference to increased transition and physical risks points towards good resilience over the short to medium term
Management	
a) Which processes are used for **identifying and assessing** climate-related risks?	– Description of processes for identifying regulatory risks, physical risks, market risks and reputational risks – Assessment on the basis of quantitative (e.g. climate VaR for transition risks, risk index for physical risks) and qualitative data
b) Which processes are used for **managing** climate-related risks?	– Description of risk management processes for various types of risks
c) How are the processes described in a) and b) **integrated** into Company-wide risk management?	– Risk management concerning climate risks is incorporated into Company-wide risk management
Metrics and targets	
a) Which **metrics** are considered when assessing climate-related risks and opportunities in line with its strategy and risk management process?	– KPI in the overview table concerning long-term strategy and priorities (portfolio and tenants) – EPRA table with environmental KPIs (energy, CO_2, water) – Differentiation of the risk index and figures within the portfolio for different climate risks
b) Are **scope 1, scope 2 and, if appropriate, scope 3** emissions and related risks disclosed?	– Reporting of scope 1 and scope 2 emissions (market-based) – Reporting of scope 3, category 6: Business Travel – Reporting of estimates for scope 3, category 13: Downstream Leased Assets – Reporting of embodied carbon for new buildings
c) What is the position regarding **targets and performance against targets** as regards the management of climate-related risks and opportunities?	– CO_2 reduction pathway: on track – Interpretation and assessment of annual performance – 100% renewable electricity by 2025: already more than 99% achieved – 3 MWp of additional installed photovoltaic capacity over the next 5 years – Annual climate protection priorities

Disclosure	Next steps (2024+)
Page 225 Pages 73–80	
Page 224	
Pages 289–290	– In-depth analysis of specific risks (e.g. number of heat days or flooding) for selected high-risk properties – More systematic recording of climate change adaptation measures within the portfolio
Pages 289–290	– Specific quantification of financial effects under scenarios RCP 2.6 and RCP 8.5 for selected properties – Stronger focus on embodied carbon and circularity in planning
Pages 291–294	– Regular repetition of the assessment of risks and opportunities on the basis of in-depth analysis
Page 295	– Incorporation of quantified data concerning climate risks into the Risk Report – Assessment of restructuring of risk categories in order to improve visibility of climate risks
Page 295	
Page 294	
Pages 226–227 Pages 298–299 Pages 293–294	
Pages 298–299 Pages 298–299 Page 257 www.psp.info/en/scope-3	– Reporting of scope 2 location-based emissions in EPRA table – More systematic recording of tenant electricity in order to determine scope 3, category 13: Downstream Leased Assets – Determination of methods for meaningful calculation of scope 3, categories 1 and 2: Purchased Goods and Services, Capital Goods
Pages 230–231 Pages 240–243 Pages 226–227	– Annual priorities – More specific targets in terms of greening and biodiversity

Performance measures

EPRA Sustainability performance measures – Environment ☑

The following table contains the environment-related performance measures for 2022 and 2023. Performance measures which are reported according to the EPRA sBPR standard and are marked with the respective EPRA code. Ernst & Young Ltd provided limited assurance on the information marked with ☑ for 2023. Explanations on the performance of the key figures can be found on pages 240–243 and page 258.

EPRA code	Unit	Indicator	Scope
Energy			
Elec-Abs, Elec-LfL	kWh	Electricity	Landlord-obtained electricity for shared services, air-conditioning, ventilation
			Proportion of landlord-obtained electricity from renewable sources[1]
DH&C-Abs, DH&C-LfL		District heating and cooling	Landlord-obtained district heating and cooling passed on to tenants
			Proportion of landlord-obtained district heating and cooling from renewable sources
Fuels-Abs, Fuels-LfL		Fuels (oil/gas)	Landlord-obtained fuels for the production of heating passed on to tenants
			Proportion of landlord-obtained fuels from renewable sources
		Total Energy	**Total landlord-obtained energy[2]**
			Proportion of total landlord-obtained energy from renewable sources
Photovoltaic installations and self-generated electricity			
	kWp	Installed capacity	Installed capacity of photovoltaic installations owned by PSP Swiss Property as per year-end
	kWh	Produced electricity	Produced electricity with own photovoltaic installations
Greenhouse gas (GHG) emissions			
GHG-Dir-Abs	Tonnes CO_2e	Direct	Scope 1
GHG-Indir-Abs		Indirect	Scope 2
			Scope 3 (business travel)
		Total	**Scope 1, Scope 2, Scope 3**
Water			
Water-Abs, Water-LfL	m^3	Water	Landlord-obtained water
Specific			
Energy-Int	kWh/m^2	Energy Intensity	Landlord-obtained energy[3, 4]
Water-Int	m^3/m^2	Water Intensity	Landlord-obtained water[4]
GHG-Int	kg/m^2	GHG Intensity	Scope 1, Scope 2[4]
Certified buildings			
Cert-Tot	8 buildings or 8.5% of lettable space as a percentage of the reported portfolio are certified (LEED, Swiss “Minergie” standard, HPE)		

1 Emissions are calculated using market-based emissions-factors.
2 These figures are not adjusted for heating degree days. Adjusted for heating degree days, absolute energy use for 2022 and 2023 is 91 928 754 kWh and 93 331 378 kWh respectively. Adjusted for heating degree days, Like-for-like energy use for 2022 and 2023 is 88 156 765 kWh and 88 171 712 kWh respectively.
3 These figures are not adjusted for heating degree days. Adjusted for heating degree days, energy intensity for 2022 and 2023 is 100.143 kWh/m^2 and 99.288 kWh/m^2 respectively.
4 These intensities relate to the lettable area. The following intensities result in relation to the energy reference area (ERA): energy intensity: 83.969 kWh/m^2; water intensity: 0.388 m^3/m^2; GHG intensity: 8.067 kg/m^2.

	Absolute (Abs)			Like-for-like (LfL)			Disclosure coverage	Share of estimates
	2022	2023	+/–	2022	2023	+/–		
	27 775 115	27 474 059	– 1.1%	26 436 621	25 831 137	– 2.3%	100%	22.3%
	99%	99%						
	22 466 856	20 558 535	– 8.5%	21 491 196	18 785 750	– 12.6%	100%	0.0%
	45%	50%						
	41 985 165	39 121 821	– 6.8%	40 500 699	36 974 945	– 8.7%	100%	4.2%
	18%	20%						
	92 227 135	**87 154 415**	**– 5.5%**	**88 428 515**	**81 591 832**	**– 7.7%**		
	49%	**52%**						
	2 088	2 426						
	1 546 998	1 573 825						
	6 697	6 040	– 9.8%	6 480	5 680	– 12.3%		
	2 732	2 333	– 14.6%	2 614	2 109	– 19.3%		
	37	43	14.0%					
	9 467	**8 415**	**– 11.1%**					
	354 165	402 594	13.7%	336 939	364 861	8.3%	100%	1.4%
	100.468	92.716	– 7.7%					
	0.386	0.428	11.0%					
	10.272	8.907	– 13.3%					
							100%	

EPRA Sustainability performance measures – Social

Employees ☑

The following table contains the key performance measures for 2022 and 2023 that relate to social aspects. The performance measures are marked with the respective EPRA code. The caretakers are included in the performance measures. The key performance measures relating to employees were externally reviewed by Ernst & Young AG (marked with ☑). Explanations on the performance of the key figures can be found on pages 266–279.

				Performance measure	
EPRA code	**Unit**	**Indicator**	**Scope**	**2022**	**2023**
Diversity					
Diversity-Emp	% of employees	Gender diversity	Board of Directors	83% ♂ / 17% ♀	80% ♂ / 20% ♀
			Executive Board	100% ♂ / 0% ♀	100% ♂ / 0% ♀
			Senior Management[1]	93% ♂ / 7% ♀	94% ♂ / 6% ♀
			Middle Management[2]	56% ♂ / 44% ♀	55% ♂ / 45% ♀
			Employees without rank[3]	21% ♂ / 79% ♀	21% ♂ / 79% ♀
			Caretakers	95% ♂ / 5% ♀	95% ♂ / 5% ♀
Diversity-Pay	Female to male ratio	Gender pay gap[4]	Board of Directors[5]	1	1
			Middle Management	0.94	1
			Employees without rank[3]	1.00	0.97
Development, Training and Turnover					
Emp-Training	Ø hours per year and employee	Training and development[6]	Direct employees	27.3h	44.5h
Emp-Dev	% of total workforce	Performance appraisals		98%	88%
Emp-Turnover	Total number[3]	New hires		11	11
		Leavers		9	10
		Number of employees at year end		122	123
	Rate in %	New hire rate		9.0%	8.9%
		Turnover		7.4%	8.1%
Health & safety					
H&S-Emp	Number of injuries per 200 000 hours worked	Injury rate	Direct employees	0	0.97
	Number of lost days per 200 000 hours worked	Lost day rate		0	2.92
	% of average hours worked	Absentee rate[7]		2.8%	1.8%
	Total number	Fatalities (total number)		0	0

1 We classify employees with the rank "Direktion" as Senior Management.
2 We classify employees with the rank "Kader" as Middle Management.
3 Direct employees excluding caretakers. The caretakers are managed by the management unit of PSP Management Ltd.
4 We do not report pay gap for the Executive Board as there are no female members of the Executive Board. Compensation of our Executive Board is disclosed in the compensation report. We do not show the pay gap for the Senior Management for reasons of personal privacy (currently only one female director) and the lack of meaningfulness (small number of Senior Management members). We do not disclose the pay gap for the caretakers for reasons of lack of meaningfulness (full-time equivalent of female caretakers too small).
5 Excl. Chairman of the Board, excluding expenses for travel and time compensation for international members of the board.
6 Incl. internal and external education and development. For explanations on performance, see also pages 275.
7 Due to the small number of employees the absence rate excludes long-term absences of more than 12 weeks. The absentee rate including long-term absences was 2.3% for 2023.

Assets

EPRA code	Unit	Indicator	Scope	Performance measure 2022	2023
Health & Safety					
H&S-Asset	% of assets	H&S impact assessments	Assets under operational control	100%	100%
H&S-Comp	Total number	Number of incidents	Incidents of non-compliance scope: assets and assessments identified under H&S-Assets	0	0
Community					
Comty-Eng	% of assets	% of assets with community engagement initiatives[9]		n.a.	n.a.

8 Quality management is implemented on our processes and in all our properties and sites. Health and safety checks are carried out in particular for all our new building and development projects. We strictly follow the standard requirements by the federal government, SUVA (Swiss National Accident Insurance Fund), SIA (Swiss Society of Engineers and Architects) and our internal regulations. There are ongoing health and safety checks during operation, some of which are ensured by the caretakers' specifications, others by service contracts.

9 This performance measure is not reported because we have not yet identified a good basis of measurement by which this can be expressed as a clear percentage. The topic is commented on pages 246–247.

EPRA Sustainability performance measures – Governance

The following table contains the corporate governance related key performance measures for 2022 and 2023. The key performance measures are marked with the respective EPRA code.

EPRA code	Unit	Indicator	Scope	Performance measure 2022	Performance measure 2023
Board composition					
Gov-Board	Total number	Executive members	Board of Directors	0	0
		Non-executive members		6	5
		Independent members		6	5
		Independent and non-executive members with competencies relating to environmental and social topics[1]		4	3
	Years	Average tenure of Board members		8.3	8.2
Nomination and selection					
Gov-Select	Narrative	Description of the nomination and selection process	Board of Directors[2]	See below[2]	See below[2]
Conflicts of Interest					
Gov-CoI	Narrative	Processes for managing conflicts of interest	Board of Directors[3]	See below[3]	See below[3]

1 Please refer to the Corporate Governance section in the annual report 2023 (page 179 ff.), where specific competencies are listed and skills and experiences become apparent from the biographies of Ms. Corinne Denzler, Mr. Adrian Dudle and Mr. Henrik Saxborn. Mr. Saxborn for example developed specific competencies and experiences in environmental and social topics pertaining to his function and proven track record as member of the board and CEO of a renowned and listed real estate company in its home country market. The same holds true for Ms. Denzler, with a career in the field of Swiss tourism and as former CEO of a renowned Swiss hotel group, and who, as managing director of the non-profit foundation Dementia Research Switzerland – Synapsis Foundation, is concerned with the major health and socio-political challenges of the growing dementia problem. Mr. Adrian Dudle is Co-President of Smiling Gecko, a non-profit NGO that provides sustainable support to vulnerable children and families in rural areas of Cambodia through various initiatives.

2 In 2018, a Nomination Committee was formed, which assists the Board of Directors in nomination/selection processes as set out in the Corporate Governance section of the annual report 2023 (page 195).

3 PSP Swiss Property is required to publish information on management and control at the highest corporate level of the Company in its annual report under a separate Corporate Governance section pursuant to the disclosure obligations stipulated in the Directive Corporate Governance (DCG) of SIX Swiss Exchange (see annual report 2022, page 161 ff. and annual report 2023, page 179 ff. respectively). It includes the relationship between individual bodies of the Company (checks and balances) and the disclosure of specific information. Information on potential conflicts of interest is thus set out throughout the entire Corporate Governance reports, namely with respect to cross-board memberships and cross-shareholdings (none, see Section 1.3 and Section 3.2), significant shareholders (Section 1.2) and substantial business relationships with the Company (none, see note 17 to the consolidated financial statements with respect to related parties).

Delimitations and explanations on the performance measures

EPRA Reporting

The EPRA sBPR require information on the areas of environmental performance, social performance and governance. We strive to report our performance according to all these performance measures. This is an ongoing process. For figures that were not available at the time of reporting, “n.a.” (not available) applies.

We take the liberty of expanding the table of performance measures to include additional data that does not comply with the EPRA standard. All key figures reported according to sBPR are marked with the corresponding EPRA code.

Delimitations

Organisational boundaries
The organisational boundary for property reporting is defined by the full operational control over individual properties. Consequently, properties under joint ownership and properties where a single tenant exercises sole operational control are therefore not taken into account. New buildings and renovations are only taken into account if they were operational for the entire reporting year. Properties sold during the reporting period are not included. Properties purchased during the reporting period are only included in the following year.

Time boundaries
Compared to the financial reports, the reporting of the energy and water-related data (EPRA table of environment-related performance measures) is shifted by half a year (in line with the heating and ancillary cost accounts). The current reporting period for these performance measures thus runs from 1 July 2022 to 30 June 2023. For a few properties, this period differs on account of data availability (e.g., different period for invoicing, e.g., from 1 April to 31 March or 1 January to 31 December). The social indicators (EPRA table performance measures) and the governance-related performance measures refer to the same period as the financial reports (1 January 2023 to 31 December 2023).

Boundaries tenant/landlord

We always procure the heating energy ourselves and charge it to the tenants via the heating bill. Consequently, heating energy is factored into our calculations. The same applies to electricity for common areas (access) as well as ventilation and air-conditioning, where ventilated or air-conditioned spaces are leased. Electricity consumed by tenants on their premises is settled directly between the tenants and the utilities via a separate meter and is not included in our calculations.

Own-used properties

We are tenants in our own properties in Zurich, Geneva, Bern and Zug. Heating energy and general electricity as well as the water consumption of the properties concerned are recorded as well.

Degree of coverage

Within the defined organisational boundaries, we cover all properties in operation.

Reporting segments

Our real estate portfolio consists mainly of office space. Several properties have mixed use, i.e. in addition to offices, there is also retail space (mostly on the ground floor) and, in some cases, apartments. We also own hotels and thermal baths/spas. However, independent non-office uses make up an insignificant part of the total lease area (< 2%). Therefore, we do not define or disclose specific segments for these areas.

Investment properties taken into account for different performance measures

Absolute values (Abs)
In 2023, we analysed 152 investment properties with 940 010 m^2 of lettable space (2022: 147 investment properties with 917 973 m^2 of lettable space).

On 30 June 2023, the portfolio comprised 161 investment properties. The difference to the 152 investment properties included in the Sustainability Report is explained as follows: PSP Swiss Property does not exercise operational control over properties rented by a single tenant or in a joint ownership. This applies to the following properties: Quai de Cologny 5, Cologny; Bahnhofstrasse 66, Brandschenkestrasse 70 and Brandschenkestrasse 72 as well as Mühlebachstrasse 6 (all in Zurich). The property Rue de Sébeillon 2 in Lausanne consists of parking spaces only, and thus has no energy consumption. The investment property at Pfingstweidstrasse 60, 60b in Zurich was not purchased until June 2023 and will only be taken into account once complete data for an entire reporting period is available. The properties at Bärenplatz 9, 11, 27 / Käfiggässchen 10, 22, 26 in Bern and Rue de la Confédération 2 in Geneva and the multi-storey car park at Förrlibuckstrasse 151 in Zurich were still under renovation in the reporting period and will only be included in the 2024 reporting.

These 10 mentioned properties were therefore not included in the Sustainability Report. On the other hand, the property at Sihlamtstrasse 5 in Zurich, which is intended for sale, was taken into account.

The property sold in the reporting period, Bahnhofstrasse 23 in Interlaken, was not taken into account for the key figures in the reporting year 2023.

New buildings and renovations completed during the reporting period will be included in the analysis in the following year. However, properties where renovation work was carried out during operation were taken into account.

“Like-for-like” values (LfL)

The “like-for-like” portfolio comprises only those properties which were under operational control and classified as investment properties both in the reporting year and in the previous year. The “like-for-like” portfolio for the reporting year 2023 comprises 143 properties.

Specific figures (intensities)

The reference value for the specific consumption figures (kWh energy/m^2, m^3 water/m^2 and kg CO_2e/m^2) as part of the EPRA requirements is the lettable floor space in line with the values published in the Annual Report for the mentioned 152 properties. The energy reference area applied in 2023 for the 152 properties mentioned amounted to 1 037 939 m^2.

As the reference value for energy assessments in Switzerland (also e.g. in connection with Minergie requirements) and also for various benchmarks such as the REIDA CO_2 benchmark is the energy reference area, we now also disclose the intensities in relation to the energy reference area. We consider the energy reference area to be a useful reference value, as there is a clear link between area and energy consumption.

Explanations on the data basis

Estimates

Of the energy we procure, 8.9% of total was estimated in 2023 (5.4% in 2022). For properties for which the final settlements are not yet available at the closing date, we use the previous year’s figures. Some larger properties are rented by major tenants who receive their invoices directly from the providers. Since we offer air-conditioned offices at these premises (which is part of the basic configuration) and because multi-tenant leases would be possible, we estimate consumption at these properties (for which we do not receive a statement from the tenant) on the basis of figures for comparable properties. In some cases, we also use estimates for the share of common electricity (based on total consumption of the property), for example for the so-called Rothschild portfolio (9 properties).

Oil and gas

The conversion from volume or mass units to energy is carried out in line with the conversion factors according to SIA 380/1:2016 and refer to the upper heating value HO.

Photovoltaic installations and self-generated electricity

The reported installed capacity of the photovoltaic installations at the end of the year comprises the installed capacity in kWp of all photovoltaic plants on or at PSP assets that are owned by PSP Swiss Property. The key figure for electricity produced by own photovoltaic installations is based on the same reporting period as the other energy key figures (1 July 2022 to 30 June 2023) and includes own consumption, sales to third parties and any feed-in of the electricity produced.

Waste

In Switzerland, disposal of waste as well as the payment of the waste charges, based on the polluter-pays principle, are the responsibility of the tenants. We have no data on tenants' waste production and therefore do not disclose these performance measures.

CO_2e emissions scope 1 and 2

We calculate our energy and CO_2e data with the help of myclimate's Smart3 data management system and CO_2e factors provided by myclimate and an external partner. Market-based emission factors are applied for both electricity and district heating, based on the electricity and district heating mix that exists for the respective property according to the contract and information provided by the suppliers. Waste incineration is only classified as 50% "renewable" and is not considered climate neutral in the calculations. Sources for CO_2 factors:

- scope 1: 2018 Climate Registry Default Emission Factors
- scope 2 Electricity: Alig, M., Tschümperlin, L., Frischknecht, R. 2017: Treibhausgasemissionen Strom- und Fernwärmemixe Schweiz gemäss GHG Protocol. Tab. 2.1
- scope 2 District Heating: Alig, M., Tschümperlin, L., Frischknecht, R. 2017: Treibhausgasemissionen Strom- und Fernwärmemixe Schweiz gemäss GHG Protocol. Tab. 3.3

CO_2e emissions scope 3

We also calculate the CO_2e emissions from our business travel (air, car, train). Emissions from business travel in 2023 amounted to 42.6 tonnes CO_2e (2022: 37.3 tonnes). The increase is mainly due to business flights. Although fewer kilometres were flown than in the previous year, emissions increased due to an adjustment of the CO_2 factors used by myclimate for the calculation. Sources for CO_2 factors:

- Business Travel:
  - Public Transport(PT)t: mobitool v2.0, Average PT
  - Mobility and passenger cars: mobitool v2.0, average of passenger cars
  - Air travel: Calculation using the myclimate Switzerland tool
- Estimate of CO_2 emissions from tenant electricity:
  - REIDA CO_2e-Report, Methodische Grundlagen: Intep Treibhausgas-Emissionsfaktoren für den Gebäudesektor (2022), ergänzt durch REIDA V1.2, S 24: Strommix HKN CH 80%ern. 2021 (Default LB)

Energy reference area

The energy reference area is the total surface area of all storeys above and below ground level that are situated within the thermal building envelope, the usage of which requires heating or cooling. The energy reference area is calculated as a gross figure, i.e. based on external measurements including walls and wall cross-sections.

Application of CRREM decarbonisation pathways

The CRREM uses a transparent downscaling methodology based on the sectoral decarbonisation approach (SDA) required under the SBTi (Science Based Targets Initiative). The CRREM supports the SBTi. Both initiatives are "science-based". Some additional functions that the CRREM offers specifically for real estate include CO_2 trajectories for particular types of use. The CRREM also differentiates between 1.5 °C and 2.0 °C. For the purposes of our analysis, the 1.5 °C pathway has been applied for Switzerland on a pro rata basis comprised of Offices (65%), High Street Retail (20%), Leisure & Recreation (10%) and Residential (5%) in order to align with the different types of usage in our portfolio as closely as possible.

Climate scenarios

The RCP (Representative Concerntration Pathway) climate scenarios of the IPCC have been used as a basis for analysing risks in relation to climate change.

RCP 2.6, very stringent climate protection: climate protection measures are taken. An immediately implemented cut in emissions will stop the increase in greenhouse gases in the atmosphere in around 20 years. This will enable the goals under the 2016 Paris Climate Agreement to be achieved. The figure for radiative forcing in 2100 is 2.6 W/m^2 compared to 1850.

RCP 4.5, limited climate protection: although greenhouse gas emissions will be reduced, the concentration in the atmosphere will continue to rise for a further 50 years. The 2.0 ° C target will be missed. The figure for radiative forcing in 2100 is 4.5 W/m^2 compared to 1850.

RCP 8.5, no climate protection: humanity carries on as previously, does not implement any climate protection measures and continues to emit more greenhouse gases. Temperatures will increase by the end of the century by between 3 and 4 degrees on average. The figure for radiative forcing in 2100 is 8.5 W/m^2 compared to 1850.

The graphs with the drought stress index (page 294) and with the heat days (page 293) refer to the respective average of the drought stress indices and the heat days of all properties in the respective city. The data on heat days is based on the Swiss climate scenarios: CH2018 Project Team (2018): CH2018 – Climate Scenarios for Switzerland. National Centre for Climate Services. doi: 10.18751/Climate/Scenarios/CH2018/1.0.

Definition of timeframes under the CDP and the TCFD

Short-term: we regard a timeframe of 1–5 years as being short term. A standard lease has a term of 5 years. Only minor changes to our properties are possible over this period. The basic structure or equipment cannot be changed over this period.

Medium-term: we regard a timeframe of between 5 and 20 years as being medium term. The life expectancy of many building systems is around 20 years. Major changes need to be made within this timeframe. Changes of this type to equipment and infrastructure (e.g. change of heating system) may have major effects on the building's CO_2 footprint.

Long-term: we regard a timeframe of between 20 and 50 years or longer as being long term. The basic structure of a building has a life expectancy of at least 50 years. After this period, a building can be thoroughly altered or replaced with a new more environmentally efficient structure.

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To the Management of

PSP Swiss Property AG, Zug

Zurich, 26 February 2024

Independent Assurance Report on selected sustainability KPIs in the Sustainability Report

We have been engaged to perform a limited assurance engagement (the engagement) on the following metrics disclosed in PSP Swiss Property AG's (the Company's) Sustainability Report 2023 (the report) marked with a "☑" in the chapter "Sustainability Report" (the KPIs) for the reporting period from 1 January 2023 to 31 December 2023:

- EPRA Sustainability performance measures – Environment on pages 298-299
- EPRA Sustainability performance measures – Employees on page 300

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

Applicable criteria
The Company defined as applicable criteria (applicable criteria):

- EPRA Sustainability Best Practices Recommendations Guidelines
- Custom criteria for Photovoltaic installations and self-generated electricity.

A summary of the standards is presented on the EPRA homepage or directly in the report. We believe that these criteria are a suitable basis for our limited assurance engagement.

Responsibility of the Management
The Management is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

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

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility
Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

Summary of work performed
Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:
- Assessment of the suitability of the underlying criteria and their consistent application
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Company's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data.

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

Conclusion
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January 2023 to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Tobias Meyer
Executive in charge

Daniel Zaugg
Partner

Additional information

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Key financial figures by area

(in CHF 1 000)	Number of properties	Rental income	Operating expenses	Maintenance and renova-tion	Net rental income	in % of total	Potential rent[1]	in % of total
Zurich								
2023	79	195 266	10 772	8 510	175 984	60.3%	208 616	60.0%
2022	77	181 885	9 824	10 669	161 392	58.8%	187 916	57.0%
Geneva								
2023	22	48 276	6 068	1 951	40 257	13.8%	51 317	14.8%
2022	21	42 712	5 476	923	36 313	13.2%	45 894	13.9%
Basel								
2023	14	24 357	2 279	1 437	20 641	7.1%	26 203	7.5%
2022	15	28 628	1 860	1 261	25 506	9.3%	31 170	9.5%
Bern								
2023	17	23 643	2 064	1 531	20 048	6.9%	24 124	6.9%
2022	17	20 651	2 114	992	17 545	6.4%	23 364	7.1%
Lausanne								
2023	14	15 758	1 607	44	14 107	4.8%	16 710	4.8%
2022	15	19 578	2 072	1 708	15 798	5.8%	20 593	6.2%
Other locations								
2023	16	19 328	2 059	1 622	15 648	5.4%	20 925	6.0%
2022	17	18 419	2 341	1 694	14 385	5.2%	20 581	6.2%
Sites and development properties								
2023	11	7 091	1 678	142	5 272	1.8%	n.a.[8]	n.a.
2022	13	6 207	2 142	296	3 769	1.4%	n.a.[9]	n.a.
Overall total portfolio								
2023	173	333 720	26 528	15 237	291 955	100.0%	347 894	100.0%
2022	175	318 081	25 830	17 543	274 708	100.0%	329 518	100.0%

1 Annualised rental income (market rent for vacant area).
2 According to the external property appraiser (as per reporting date, annualised).
3 Based on the market valuation by the external property appraiser.
4 Annualised rental income divided by average value of properties.
5 Annualised net rental income divided by average value of properties.
6 As per reporting date (market rent for vacant area).
7 Vacancy (CHF) in % of potential rent.
8 Annualised rent of potential rent amounts to TCHF 16 064 in 2023.
9 Annualised rent of potential rent amounts to TCHF 15 052 in 2022.

	Market rent[2]	in % of total	Net changes in fair value[3]	Value of properties	in % of total	Implied yield gross[4]	Implied yield net[5]	Vacancy in CHF[6]	Vacancy rate (CHF)[6,7]	Vacancy in m²	Vacancy rate (m²)
	198 097	58.8%	– 63 525	5 656 489	58.9%	3.5%	3.2%	6 656	3.2%	24 354	4.3%
	181 980	56.4%	127 673	5 404 692	57.4%	3.4%	3.0%	4 555	2.4%	14 901	2.8%
	50 439	15.0%	– 48 963	1 457 289	15.2%	3.3%	2.7%	1 163	2.3%	2 951	3.2%
	45 339	14.1%	9 182	1 363 128	14.5%	3.1%	2.7%	1 615	3.5%	3 543	4.1%
	25 707	7.6%	– 30 748	646 160	6.7%	3.7%	3.1%	2 083	8.0%	5 788	6.7%
	29 795	9.2%	– 22 212	706 630	7.5%	4.0%	3.6%	1 400	4.5%	5 448	5.1%
	24 377	7.2%	– 20 128	576 080	6.0%	4.1%	3.4%	302	1.3%	2 569	2.8%
	23 484	7.3%	– 8 595	586 470	6.2%	3.6%	3.1%	659	2.8%	4 284	4.6%
	18 540	5.5%	– 12 835	318 483	3.3%	4.9%	4.1%	1 413	8.5%	4 717	6.8%
	22 405	6.9%	– 11 049	424 632	4.5%	4.6%	3.7%	568	2.8%	1 997	2.5%
	19 763	5.9%	– 7 007	392 410	4.1%	4.9%	3.9%	851	4.1%	3 836	4.8%
	19 547	6.1%	1 867	401 120	4.3%	4.7%	3.7%	1 084	5.3%	4 772	6.0%
	n.a.	n.a.	21 944	560 582	5.8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	n.a.	n.a.	28 020	534 382	5.7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	336 923	100.0%	– 161 261	9 607 493	100.0%	3.6%	3.2%	12 468	3.6%	44 215	4.5%
	322 550	100.0%	124 886	9 421 055	100.0%	3.5%	3.1%	9 881	3.0%	34 945	3.6%

Property details

Region	Land area m²	Office area m²	Retail area m²	Gastronomy area m²	Other area m²	Total rentable area m²
Zurich						
Zürich, Alfred Escher-Strasse 17	275	950	0	0	47	997
Zürich, Augustinergasse 25	236	255	0	327	157	739
Zürich, Bahnhofplatz 1, 2 / Bahnhofquai 9, 11, 15	2 014	6 783	1 021	299	1 329	9 432
Zürich, Bahnhofplatz 9	998	2 425	2 036	0	26	4 487
Zürich, Bahnhofstrasse 10 / Börsenstrasse 18	344	646	844	0	0	1 490
Zürich, Bahnhofstrasse 28a / Waaggasse 6	763	1 894	649	419	262	3 224
Zürich, Bahnhofstrasse 39	1 093	1 750	1 768	0	36	3 554
Zürich, Bahnhofstrasse 66	627	0	4 868	0	0	4 868
Zürich, Bahnhofstrasse 81 / Schweizergasse 2, 4	355	716	1 370	0	286	2 372
Zürich, Binzring 15, 17	33 878	35 680	0	0	6 263	41 943
Zürich, Bleicherweg 10 / Schanzengraben 7	1 155	3 342	341	0	254	3 937
Zürich, Bleicherweg 14	398	489	0	0	0	489
Zürich, Brandschenkestrasse 70	298	0	0	0	0	0
Zürich, Brandschenkestrasse 72	247	0	0	0	0	0
Zürich, Brandschenkestrasse 80, 82, 84	7 384	0	0	0	13 072	13 072
Zürich, Brandschenkestrasse 90	12 770	11 686	0	0	158	11 844
Zürich, Brandschenkestrasse 100	5 139	8 522	0	0	1 134	9 656
Zürich, Brandschenkestrasse 110	5 860	15 984	0	0	0	15 984
Zürich, Brandschenkestrasse 130, 132	3 605	1 254	808	641	0	2 703
Zürich, Brandschenkestrasse 150	5 926	3 582	1 067	0	334	4 983
Zürich, Brandschenkestrasse 152	5 194	0	0	3 802	4 759	8 561
Zürich, Brandschenkestrasse 152a	583	2 443	0	0	0	2 443
Zürich, Brandschenkestrasse 152b	818	711	0	0	0	711
Zürich, Dufourstrasse 56	900	2 599	292	0	0	2 891
Zürich, Förrlibuckstrasse 10	4 122	7 600	0	0	552	8 152
Zürich, Förrlibuckstrasse 60, 62	10 382	15 695	0	885	7 917	24 497
Zürich, Förrlibuckstrasse 66	2 055	5 267	0	0	1 851	7 118
Zürich, Förrlibuckstrasse 110	2 963	8 773	350	194	2 454	11 771
Zürich, Förrlibuckstrasse 151	3 495	0	0	0	1 800	1 800
Zürich, Förrlibuckstrasse 181	1 789	4 831	0	0	144	4 975
Zürich, Freieckgasse 7	295	285	89	210	224	808

1 As per reporting date. Annualised vacancy (CHF) in % of potential rent (market rent for vacant area).
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3 Year of last overall renovation.
4 PR = PSP Real Estate Ltd
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IS = Immobiliengesellschaft Septima Ltd
SI = SI 7 Place du Molard Ltd
PD = Place DLS LLC

Parking spaces	Vacancy rate (CHF)[1]	Implied yield net[2]	Year of construction	Year of renovation[3]	Purchase date	Owner[4]	Ownership status[5]	Ownership percentage
0	0.0%	3.3%	1907	2000|17	01.10.1999	PR	SO	100.0%
1	0.0%	2.9%	1850	1994|2000|04	01.04.2004	PP	SO	100.0%
0	1.7%	2.4%	1894|95|99	1990|2021|23	01.01.2017	PP	SO	100.0%
0	0.0%	2.6%	1933	2003|04|14	01.04.2004	PP	SO	100.0%
0	0.0%	2.4%	1885	1984|2015	01.10.1999	PR	SO	100.0%
0	0.0%	2.3%	1812	2005|10|19	01.04.2004	PP	SO	100.0%
7	0.0%	2.1%	1911	1984|2003|13	01.01.2000	PR	SO	100.0%
0	0.0%	2.2%	1967	1995|2014	01.07.2005	PP	SO	100.0%
0	0.0%	2.1%	1931	2001|21	01.04.2004	PP	SO	100.0%
140	0.0%	5.8%	1992		01.04.2001	PR	SO	100.0%
17	0.7%	2.6%	1930|76	1985|2006|09|20	01.10.1999	PR	SO	100.0%
7	0.0%	1.6%	1857	1998|99|2023	01.07.2005	PP	SO	100.0%
0	n.a.	0.0%	1921	2003	01.04.2004	PP	FA	15.4%
0	n.a.	0.0%	2003		01.04.2004	PP	FA	10.8%
56	0.4%	2.9%	2005	2020	01.04.2004	PP	SO	100.0%
272	0.2%	2.8%	2003	2021	01.04.2004	PP	SO	100.0%
0	0.0%	2.8%	2003		01.04.2004	PP	SO	100.0%
0	0.0%	3.5%	2007		01.04.2004	PP	SO	100.0%
0	0.0%	3.7%	1877|82	2004	01.04.2004	PP	SO	100.0%
0	0.0%	3.9%	1882	2004	01.04.2004	PP	SO	100.0%
0	0.0%	5.9%	1913	2012	01.04.2004	PP	SO	100.0%
0	0.0%	3.4%	2008		01.04.2004	PP	SO	100.0%
0	0.0%	1.3%	1890	2013	01.04.2004	PP	SO	100.0%
12	0.0%	3.0%	1950	1997|2006|20	01.10.1999	PR	SO	100.0%
85	0.5%	4.1%	1963	2002|20|21	29.06.2001	PR	SO	100.0%
306	0.7%	4.2%	1989	2016|17|21	01.04.2001	PR	SO	100.0%
78	0.4%	4.7%	1969	1992|2003|04	01.12.2002	PR	SO	100.0%
54	5.6%	4.1%	1962	2000|23	01.12.2002	PR	SO	100.0%
871	11.3%	3.5%	1975	2000|23	01.12.2002	PR	SO	100.0%
39	0.0%	3.3%	2002	2021	01.12.2002	PR	SO	100.0%
0	0.0%	2.7%	1700	1992|2012	01.04.2004	PP	SO	100.0%

5 SO = Sole ownership
BL = Building right
FA = Freehold apartment

6 Own-used property.
7 See details on pages 330 to 331.
8 Current development project designed for sale.
9 Purchase during reporting period.

Region	Land area m²	Office area m²	Retail area m²	Gastronomy area m²	Other area m²	Total rentable area m²
Zurich (continuation)						
Zürich, Gartenstrasse 32	694	1 693	0	0	0	1 693
Zürich, Genferstrasse 23	343	946	0	0	59	1 005
Zürich, Gerbergasse 5	606	1 766	784	0	0	2 550
Zürich, Goethestrasse 24	842	613	0	116	91	820
Zürich, Grubenstrasse 6, 8	4 152	5 979	0	0	3 499	9 478
Zürich, Gutenbergstrasse 1, 9	1 488	3 584	810	0	4 659	9 053
Zürich, Hardturmstrasse 101, 103, 105 / Förrlibuckstrasse 30	7 567	18 059	4 936	0	694	23 689
Zürich, Hardturmstrasse 131, 133, 135	6 236	16 759	1 624	0	5 066	23 449
Zürich, Hardturmstrasse 161 / Förrlibuckstrasse 150	8 225	28 967	0	280	4 401	33 648
Zürich, Hardturmstrasse 169, 171, 173, 175	5 189	13 263	350	96	4 758	18 467
Zürich, Hardturmstrasse 181, 183 / Förrlibuckstrasse 160, 190, 192	10 557	23 586	0	781	116	24 483
Zürich, Hottingerstrasse 10, 11, 12	1 922	3 788	0	0	210	3 998
Zürich, In Gassen 16	331	0	0	487	618	1 105
Zürich, Konradstrasse 1	343	265	0	190	1 162	1 617
Zürich, Kurvenstrasse 17 / Beckenhofstrasse 26	657	1 468	0	0	269	1 737
Zürich, Limmatquai 4	529	2 523	183	189	103	2 998
Zürich, Limmatquai 144 / Zähringerstrasse 51	429	1 471	0	243	366	2 080
Zürich, Limmatstrasse 250–254, 264, 266	4 705	7 813	0	283	703	8 799
Zürich, Limmatstrasse 291	973	2 866	0	0	154	3 020
Zürich, Lintheschergasse 10	184	809	247	0	0	1 056
Zürich, Löwenstrasse 22	250	679	198	0	79	956
Zürich, Mühlebachstrasse 2 / Falkenstrasse 30	681	1 809	260	152	429	2 650
Zürich, Mühlebachstrasse 6	622	616	0	0	0	616
Zürich, Mühlebachstrasse 32	536	2 079	0	0	55	2 134
Zürich, Obstgartenstrasse 7	842	1 882	0	0	0	1 882
Zürich, Pfingstweidstrasse 60, 60b[9]	13 803	24 959	1 055	159	948	27 121
Zürich, Poststrasse 3	390	811	600	0	178	1 589

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3 Year of last overall renovation.
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PP = PSP Properties Ltd
IS = Immobiliengesellschaft Septima Ltd
SI = SI 7 Place du Molard Ltd
PD = Place DLS LLC

Parking spaces	Vacancy rate (CHF)[1]	Implied yield net[2]	Year of construction	Year of renovation[3]	Purchase date	Owner[4]	Ownership status[5]	Ownership percentage
18	0.0%	2.4%	1967	1986|2005|22	01.07.2005	PP	SO	100.0%
0	0.0%	3.3%	1895	1998|2014	01.10.1999	PR	SO	100.0%
2	0.0%	2.8%	1904	1993|2010|12|18	27.05.2004	PP	SO	100.0%
0	0.0%	2.6%	1874	2014	01.04.2004	PP	SO	100.0%
48	89.6%	–0.1%	2023		25.03.2020	PR	SO	100.0%
15	0.2%	3.9%	1969	1986|2008|21	31.12.2004	PR	SO	100.0%
236	0.4%	3.4%	1992	2009|13	01.08.2016	PR	SO	100.0%
40	0.5%	4.4%	1982	2008|16	01.12.2002	PR	SO	100.0%
67	0.5%	4.1%	1975	1999|2019|22	01.12.2002	PR	SO	100.0%
38	0.1%	5.0%	1952	1997|2006|18|21	01.12.2002	PR	SO	100.0%
200	0.6%	3.0%	2021		01.12.2002	PR	SO	100.0%
18	0.7%	3.4%	1914|40	1994|2018	01.04.2001	PR	SO	100.0%
0	0.0%	2.5%	1812	1984|2007	01.04.2004	PP	SO	100.0%
0	0.0%	2.1%	1879	1990	01.04.2004	PP	SO	100.0%
35	1.5%	3.5%	1971	1999|2006|07|12	01.10.1999	PR	SO	100.0%
0	29.3%	0.0%	1837	2000|23	01.01.2000	PR	SO	100.0%
0	0.0%	3.0%	1888	1994	01.04.2004	PP	SO	100.0%
34	5.7%	3.2%	2013		01.10.2010	PP	SO	100.0%
7	0.3%	4.9%	1985	2016	01.04.2001	PR	SO	100.0%
0	0.0%	2.8%	1878	2010	17.02.2022	PP	SO	100.0%
4	0.0%	2.7%	1964	2003|07|11	31.12.2000	PR	SO	100.0%
0	4.6%	3.0%	1929	1990	17.02.2022	PR	SO	100.0%
7	0.0%	1.4%	1975	1993	01.10.1999	PR	FA	29.8%
21	0.0%	2.9%	1981	1999|2007	01.10.1999	PR	SO	100.0%
16	0.0%	3.6%	1958	1981|2002	01.10.1999	PR	SO	100.0%
135	5.3%	3.2%	2002	2016	01.06.2023	PR	SO	100.0%
0	0.0%	1.3%	1893	1999|2023	01.10.1999	PR	SO	100.0%

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BL = Building right
FA = Freehold apartment

6 Own-used property.
7 See details on pages 330 to 331.
8 Current development project designed for sale.
9 Purchase during reporting period.

Region	Land area m²	Office area m²	Retail area m²	Gastronomy area m²	Other area m²	Total rentable area m²
Zurich (continuation)						
Zürich, Seebahnstrasse 89	2 455	2 999	739	0	1 325	5 063
Zürich, Seefeldstrasse 5	498	553	0	306	289	1 148
Zürich, Seefeldstrasse 123	2 580	6 586	1 562	0	138	8 286
Zürich, Seestrasse 353[6]	3 593	7 557	0	0	143	7 700
Zürich, Splügenstrasse 6	430	1 072	0	0	31	1 103
Zürich, Stampfenbachstrasse 48 / Sumatrastrasse 11	1 589	4 339	222	0	485	5 046
Zürich, Stauffacherstrasse 31	400	534	0	204	863	1 601
Zürich, Theaterstrasse 22	324	459	0	283	237	979
Zürich, Uraniastrasse 9	989	3 485	209	909	735	5 338
Zürich, Waisenhausstrasse 2, 4 / Bahnhofquai 7	1 365	0	0	7 399	0	7 399
Zürich, Walchestrasse 11, 15 / Neumühlequai 26, 28	1 074	2 882	628	103	426	4 039
Zürich, Wasserwerkstrasse 10, 12 / Stampfenbachstrasse 109	1 760	6 406	0	0	1 527	7 933
Zürich, Zollstrasse 6	343	0	385	0	1 059	1 444
Zürich, Zweierstrasse 129	597	1 819	261	0	836	2 916
Rüschlikon, Moosstrasse 2	6 798	5 509	0	0	3 753	9 262
Urdorf, Heinrich Stutz-Strasse 23, 25	3 788	988	0	0	2 960	3 948
Urdorf, Heinrich Stutz-Strasse 27, 29	30 671	43 298	0	195	3 148	46 641
Wallisellen, Richtistrasse 5	5 197	6 158	0	0	666	6 824
Wallisellen, Richtistrasse 7	4 582	8 382	0	0	769	9 151
Wallisellen, Richtistrasse 9	4 080	5 926	0	0	77	6 003
Wallisellen, Richtistrasse 11	4 988	6 977	0	0	339	7 316
Total	**267 158**	**429 144**	**30 556**	**19 152**	**91 482**	**570 334**

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Parking spaces	Vacancy rate (CHF)[1]	Implied yield net[2]	Year of construction	Year of renovation[3]	Purchase date	Owner[4]	Ownership status[5]	Ownership percentage
76	2.1%	3.5%	1959	2003|08|18	01.04.2001	PR	SO	100.0%
0	0.0%	2.9%	1840	2000|22	01.04.2004	PP	SO	100.0%
85	0.2%	2.9%	1972	2004|17	01.10.1999	PR	SO	100.0%
125	0.7%	6.5%	1981|2001	2010|14	01.04.2010	PR	SO	100.0%
8	0.0%	3.1%	1896	1998|2011	01.10.1999	PR	SO	100.0%
35	1.2%	3.6%	1929	1999|2001|07	01.10.1999	PR	SO	100.0%
2	0.0%	2.9%	1896	2000	01.04.2004	PP	SO	100.0%
0	0.0%	2.3%	2013		01.04.2004	PP	SO	100.0%
2	0.3%	2.7%	1906	1992|2002|21	01.04.2004	PP	SO	100.0%
0	0.0%	3.2%	1913	1985|2021	01.04.2004	PP	SO	100.0%
6	0.2%	3.4%	1919	2000|08|09	01.10.1999	PR	SO	100.0%
125	1.7%	3.6%	1981	2006|16|18	01.04.2004	PP	SO	100.0%
0	0.0%	2.7%	1982	2018|21	01.01.2004	PP	SO	100.0%
7	5.8%	3.5%	1958	2003	01.10.1999	PR	SO	100.0%
122	25.6%	3.4%	1969|89	2010|20	01.06.2002	PR	SO	100.0%
59	0.5%	5.2%	1967	1989	01.11.2015	PR	SO	100.0%
209	0.3%	6.0%	1976	2002|03|10|13	01.07.2004	PR	SO	100.0%
126	40.1%	4.2%	2003	2011	01.04.2003	PR	SO	100.0%
156	9.5%	7.7%	2003	2011	01.04.2003	PR	SO	100.0%
105	0.5%	5.0%	2010		13.06.2008	PR	SO	100.0%
123	6.4%	7.2%	2010		13.06.2008	PR	SO	100.0%
4 257	**3.2%**	**3.2%**						

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6 Own-used property.
7 See details on pages 330 to 331.
8 Current development project designed for sale.
9 Purchase during reporting period.

Region	Land area m²	Office area m²	Retail area m²	Gastronomy area m²	Other area m²	Total rentable area m²
Geneva						
Genève, Cours de Rive 13–15 / Boulevard Helvétique 27	882	4 513	1 184	0	45	5 742
Genève, Place de la Synagogue 3, 5 / Rue Jean-Petitot 4, 6	585	2 526	109	0	85	2 720
Genève, Place du Molard 7	593	2 127	0	821	403	3 351
Genève, Rue de Hollande 14 / Rue de Hesse 16bis	314	1 601	0	0	0	1 601
Genève, Rue de l'Arquebuse 8	347	2 160	0	0	0	2 160
Genève, Rue de la Confédération 2	8 650	6 511	920	0	771	8 202
Genève, Rue de la Corraterie 24, 26	1 005	1 466	614	0	193	2 273
Genève, Rue de la Corraterie 5, 7 / Rue de la Cité 6	7 900	5 097	1 865	0	229	7 191
Genève, Rue de la Fontaine 5	226	946	240	0	77	1 263
Genève, Rue des Bains 31bis, 33, 35	3 368	10 382	1 081	0	601	12 064
Genève, Rue du Marché 40	798	0	1 123	4 416	27	5 566
Genève, Rue du Mont-Blanc 12	258	1 295	126	0	117	1 538
Genève, Rue du Prince 9, 11	578	2 936	800	0	411	4 147
Genève, Rue du XXXI-Décembre 8	1 062	2 257	367	131	1 012	3 767
Genève, Rue F. Bonivard 12 / Rue des Alpes 11	392	2 048	269	0	46	2 363
Genève, Rue François-Diday 8	632	2 438	0	0	0	2 438
Genève, Rue Jean-Petitot 12	354	1 343	0	0	0	1 343
Genève, Rue Jean-Petitot 15 / Rue Firmin-Abauzit 2	294	1 412	0	0	0	1 412
Genève, Rue Richard-Wagner 6	6 634	9 976	0	0	0	9 976
Carouge GE, Route des Acacias 50, 52	4 666	9 557	0	0	31	9 588
Carouge GE, Rue de la Gabelle 6	990	1 016	0	0	0	1 016
Cologny, Quai de Cologny 5	0	0	0	0	2 829	2 829
Total	**40 528**	**71 607**	**8 698**	**5 368**	**6 877**	**92 550**

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3 Year of last overall renovation.
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Parking spaces	Vacancy rate (CHF)[1]	Implied yield net[2]	Year of construction	Year of renovation[3]	Purchase date	Owner[4]	Ownership status[5]	Ownership percentage
64	3.0%	3.1%	1981		01.10.1999	PR	SO	100.0%
0	0.0%	2.6%	1874	2020	01.01.2022	PD	SO	100.0%
0	1.4%	1.9%	1975	2005|06	01.04.2004	SI	SO	100.0%
0	0.0%	2.9%	1900	2011|15	01.02.2018	PR	SO	100.0%
10	0.0%	3.1%	1900	2011|14	01.02.2018	PR	SO	100.0%
0	3.6%	2.0%	1935	1991|2022	22.09.2020	PR	SO	100.0%
10	1.2%	2.0%	1825	1996|2016	01.10.1999	PR	SO	100.0%
0	5.6%	1.4%	1920	2023	22.09.2020	PR	SO	100.0%
0	0.0%	3.0%	1920	2000|01|20	01.10.1999	PR	SO	100.0%
255	9.6%	3.8%	1994	2016	01.07.2002	PR	SO	100.0%
0	0.0%	2.6%	1972	2006|20	01.07.2002	PR	SO	100.0%
0	2.1%	2.8%	1860	2000|22	01.10.1999	PR	SO	100.0%
4	0.3%	2.7%	1966	2000|01|06	01.01.2000	PR	SO	100.0%
0	0.4%	3.3%	1962	1992|2001|11	01.10.1999	PR	SO	100.0%
0	0.0%	3.1%	1852	1995|2013|14	01.10.1999	PR	SO	100.0%
0	0.0%	2.5%	1924	2012|17	01.02.2018	PR	SO	100.0%
0	0.0%	2.8%	1800	2014	01.02.2018	PR	SO	100.0%
0	0.0%	2.8%	1870	2011|12	01.02.2018	PR	SO	100.0%
69	0.0%	3.0%	1986		01.07.2004	PR	SO	100.0%
181	0.0%	4.2%	1965	2006|10|13	31.12.2000	PR	SO	100.0%
5	17.1%	4.0%	1987		01.01.2000	PR	SO	100.0%
0	0.0%	5.5%	2015		07.05.2013	PR	BL	100.0%
598	**2.3%**	**2.7%**						

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6 Own-used property.
7 See details on pages 330 to 331.
8 Current development project designed for sale.
9 Purchase during reporting period.

Region	Land area m²	Office area m²	Retail area m²	Gastron-omy area m²	Other area m²	Total rentable area m²
Basel						
Basel, Barfüsserplatz 10	3 655	344	0	533	314	1 191
Basel, Dornacherstrasse 210	4 994	9 639	2 770	0	2 108	14 517
Basel, Falknerstrasse 31 / Weisse Gasse 16	320	127	0	345	728	1 200
Basel, Freie Strasse 38	299	960	230	0	5	1 195
Basel, Greifengasse 21	416	199	878	0	853	1 930
Basel, Grosspeterstrasse 18 / Grosspeteranlage 11	2 227	5 070	0	413	830	6 313
Basel, Grosspeterstrasse 44	2 801	11 434	0	5 493	1 073	18 000
Basel, Kirschgartenstrasse 12, 14	1 376	5 004	810	143	465	6 422
Basel, Marktgasse 4	272	374	358	0	327	1 059
Basel, Marktgasse 5	330	968	311	0	241	1 520
Basel, Marktplatz 30, 30a	560	2 064	0	430	298	2 792
Basel, Peter Merian-Strasse 88, 90	3 900	11 391	0	0	695	12 086
Basel, St. Alban-Anlage 46	1 197	3 182	0	245	342	3 769
Basel, Steinentorberg 8, 12	2 845	6 989	0	0	7 758	14 747
Total	**25 192**	**57 745**	**5 357**	**7 602**	**16 037**	**86 741**
Bern						
Bern, Bärenplatz 9, 11, 27 / Käfiggässchen 10, 22, 26	649	1 292	0	0	2 073	3 365
Bern, Bollwerk 15	403	1 216	435	119	161	1 931
Bern, Eigerstrasse 2	3 342	4 356	240	0	93	4 689
Bern, Genfergasse 4	325	952	0	544	291	1 787
Bern, Haslerstrasse 30 / Effingerstrasse 47	2 585	6 328	0	0	794	7 122
Bern, Kramgasse 49	235	50	173	270	322	815
Bern, Kramgasse 78	241	178	510	0	352	1 040
Bern, Laupenstrasse 10	969	1 818	571	0	247	2 636
Bern, Laupenstrasse 18, 18a	5 436	7 624	870	0	987	9 481
Bern, Seilerstrasse 8, 8a	1 049	5 838	561	0	2 663	9 062
Bern, Waisenhausplatz 14	826	1 224	1 849	0	354	3 427
Bern, Zeughausgasse 26, 28	629	0	779	2 724	68	3 571
Liebefeld, Waldeggstrasse 30	5 532	15 213	0	0	380	15 593
Liebefeld, Waldeggstrasse 37	5 335	10 545	0	0	925	11 470
Liebefeld, Waldeggstrasse 38	11 975	3 097	0	0	717	3 814
Liebefeld, Waldeggstrasse 41, 45, 47	7 044	3 297	0	182	777	4 256
Wabern near Bern, Gurtenbrauerei 10–92	61 342	2 699	824	0	5 455	8 978
Total	**107 917**	**65 727**	**6 812**	**3 839**	**16 659**	**93 037**

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Parking spaces	Vacancy rate (CHF)[1]	Implied yield net[2]	Year of construction	Year of renovation[3]	Purchase date	Owner[4]	Ownership status[5]	Ownership percentage
0	0.0%	2.9%	1914	1997|2006|11	01.04.2004	PP	SO	100.0%
4	5.2%	3.7%	1969	1998|2004|06|15	31.12.2000	PR	SO	100.0%
0	9.9%	2.1%	1902	1998|2005|08|12	01.04.2004	PP	SO	100.0%
0	0.0%	2.4%	1896	1982|2005|16|22	01.07.2005	PP	SO	100.0%
0	0.0%	3.3%	1930	1984|98|2015|19	01.04.2004	PP	SO	100.0%
79	15.3%	1.6%	2023		01.12.2005	PR	SO	100.0%
159	5.7%	3.4%	2017		01.12.2005	PR	SO	100.0%
90	4.1%	3.9%	1978	2003|05|10|22	01.01.2000	PR	SO	100.0%
0	61.6%	1.9%	1910	2002|08	01.04.2004	PP	SO	100.0%
0	0.0%	3.1%	1924	1975|2002|05|20	01.10.1999	PR	SO	100.0%
0	1.8%	3.2%	1936	2001|06	01.04.2004	PP	SO	100.0%
108	25.1%	2.6%	2000	2022|23	01.09.2014	PR	FA	100.0%
52	0.0%	3.8%	1968	2000|11	01.10.1999	PR	SO	100.0%
68	0.6%	3.6%	1991	2020	01.12.2001	PR	SO	100.0%
560	**8.0%**	**3.1%**						
0	0.0%	2.5%	1694|1932	2022	01.01.2019	IS	SO	100.0%
0	0.0%	0.7%	1924	2002	01.10.1999	PR	SO	100.0%
115	0.1%	3.9%	1964	1999|2005|11	01.10.1999	PR	SO	100.0%
0	0.0%	3.2%	1899	1984|2005|06	01.04.2004	IS	SO	100.0%
8	0.3%	3.6%	1964|76	2006|09|18|21	01.12.2005	PR	SO	100.0%
0	0.0%	2.9%	1900	2011|13|20	01.04.2004	IS	SO	100.0%
0	9.6%	1.3%	before 1900	1991|92	01.07.2005	PP	SO	100.0%
0	0.0%	3.5%	1965	1997|2004|11|17	01.07.2004	PR	SO	100.0%
7	0.8%	3.4%	1935|60	1997|2009|12	01.07.2004	PR	SO	100.0%
116	0.0%	4.4%	1971	2001	01.10.1999	PR	SO	100.0%
0	0.0%	3.1%	1950	2001|22	01.10.1999	PR	SO	100.0%
0	0.0%	3.1%	1900	1999|2022	01.04.2004	IS	SO	100.0%
140	1.1%	4.1%	2014		01.01.2019	IS	SO	100.0%
228	0.9%	4.0%	2003		01.01.2019	IS	SO	100.0%
59	2.0%	4.2%	1918	2016	01.01.2019	IS	SO	100.0%
83	0.0%	3.8%	1907|12	2008|10|21	01.01.2019	IS	SO	100.0%
25	15.0%	5.0%	1863|2016	2016	01.04.2004	IS	SO	100.0%
781	**1.3%**	**3.4%**						

5 SO = Sole ownership
BL = Building right
FA = Freehold apartment

6 Own-used property.
7 See details on pages 330 to 331.
8 Current development project designed for sale.
9 Purchase during reporting period.

Region	Land area m²	Office area m²	Retail area m²	Gastronomy area m²	Other area m²	Total rentable area m²
Lausanne						
Lausanne, Avenue Agassiz 2	757	1 394	0	0	0	1 394
Lausanne, Avenue de Cour 135	1 800	2 275	0	262	369	2 906
Lausanne, Avenue de Sévelin 40	3 060	1 622	0	0	4 939	6 561
Lausanne, Avenue de Sévelin 46	3 320	9 593	0	361	5 320	15 274
Lausanne, Avenue de Sévelin 54	1 288	544	0	0	2 466	3 010
Lausanne, Chemin de Bossons 2	1 930	2 135	0	0	0	2 135
Lausanne, Chemin du Rionzi 52	0	3 407	0	0	5 662	9 069
Lausanne, Grand Pont 1	371	0	1 069	0	0	1 069
Lausanne, Place Saint-François 5	1 070	2 799	2 173	0	889	5 861
Lausanne, Rue Centrale 15	486	1 260	580	0	468	2 308
Lausanne, Rue de Sébeillon 1, 3, 5	2 870	7 807	265	0	4 181	12 253
Lausanne, Rue de Sébeillon 2	5 955	0	0	0	0	0
Lausanne, Rue du Grand-Chêne 2	555	1 770	1 338	0	0	3 108
Lausanne, Rue Saint-Martin 7	2 087	3 326	1 458	0	137	4 921
Total	**25 549**	**37 932**	**6 883**	**623**	**24 431**	**69 869**
Other locations						
Aarau, Bahnhofstrasse 18	496	1 312	663	0	126	2 101
Aarau, Bahnhofstrasse 29, 33	1 375	1 540	1 599	0	1 109	4 248
Aarau, Igelweid 1	356	280	104	0	184	568
Biel/Bienne, Aarbergstrasse 107	5 352	12 678	555	0	5 037	18 270
Biel/Bienne, Bahnhofplatz 2	4 928	7 464	3 354	0	1 992	12 810
Fribourg, Rue de la Banque 4 / Route des Alpes	269	884	474	0	174	1 532
Fribourg, Rue de Morat 11, 11a, 11b, 11c	2 642	1 092	0	0	0	1 092
Lugano, Via Emilio Bossi 9	1 049	1 419	59	0	194	1 672
Lugano, Via Ginevra 2	1 176	2 267	0	0	0	2 267
Lugano, Via Pessina 16	356	565	611	0	270	1 446
Luzern, Maihofstrasse 1	930	2 263	328	0	596	3 187
Olten, Baslerstrasse 44	657	2 032	307	0	684	3 023
Rheinfelden, Baslerstrasse 2–16	34 241	4 977	5 776	0	13 155	23 908
Winterthur, Marktgasse 74	351	0	599	0	619	1 218
Winterthur, Untertor 34	146	403	0	92	214	709
Zug, Kolinplatz 2	285	730	119	0	197	1 046
Total	**54 609**	**39 906**	**14 548**	**92**	**24 551**	**79 097**

1 As per reporting date. Annualised vacancy (CHF) in % of potential rent (market rent for vacant area).
2 Annualised net rental income divided by average value of properties.
3 Year of last overall renovation.
4 PR = PSP Real Estate Ltd
PP = PSP Properties Ltd
IS = Immobiliengesellschaft Septima Ltd
SI = SI 7 Place du Molard Ltd
PD = Place DLS LLC

Parking spaces	Vacancy rate (CHF)[1]	Implied yield net[2]	Year of construction	Year of renovation[3]	Purchase date	Owner[4]	Ownership status[5]	Ownership percentage
9	0.0%	3.0%	1880	2002|12|15	01.02.2018	PR	SO	100.0%
23	10.3%	3.8%	1973	2001|04|05	01.10.1999	PR	SO	100.0%
146	32.9%	4.5%	1992		01.12.2005	PR	SO	100.0%
10	9.9%	6.6%	1994		01.12.2005	PR	SO	100.0%
0	0.0%	7.1%	1932	1990|2002	01.12.2005	PR	SO	100.0%
8	0.3%	6.8%	1971	1998	01.04.2001	PR	SO	100.0%
63	0.0%	4.8%	1971	1996|2014	01.04.2004	IS	BL	100.0%
0	0.0%	3.6%	1957	2000	01.07.2005	PP	SO	100.0%
0	11.9%	2.7%	1913	1989|2004|20|21	01.10.1999	PR	SO	100.0%
0	4.2%	3.2%	1938	1987|2013	01.01.2000	PR	SO	100.0%
62	2.4%	5.4%	1963	1998	01.12.2005	PR	SO	100.0%
210	0.0%	2.3%	n.a.		01.12.2005	PR	SO	100.0%
0	0.0%	3.1%	1910|11	1985|2001	01.10.1999	PR	SO	100.0%
77	14.1%	4.0%	1962|63	1998|2002|19	31.12.2000	PR	SO	100.0%
608	**8.5%**	**4.1%**						
11	1.4%	3.0%	1968	2001|02|06|20|22	01.01.2000	PR	SO	100.0%
18	3.4%	3.7%	1971	2004|09|10|22	01.03.2008	PR	SO	100.0%
0	0.0%	4.2%	1945	2000	01.07.2005	PP	SO	100.0%
74	0.2%	4.6%	1994	2018	15.12.2005	PR	SO	100.0%
81	0.0%	5.0%	1928|62	1986|93|2012	01.08.2006	PR	SO	100.0%
3	2.7%	4.3%	1970	2001	01.01.2000	PR	SO	100.0%
21	0.0%	– 1.7%	1730|1978	2008|15	01.02.2018	PR	SO	100.0%
23	70.8%	0.3%	1977	2000|14	01.02.2018	PP	SO	100.0%
10	0.0%	4.9%	1930|95	2012	01.02.2018	PP	SO	100.0%
0	0.0%	4.5%	1900	1980|2021	01.07.2005	PP	SO	100.0%
44	3.6%	4.6%	1989	2010	01.10.1999	PR	SO	100.0%
22	7.7%	3.8%	1964	1993|95|2009|11	01.01.2000	PR	SO	100.0%
422	5.9%	3.7%	2016		01.01.2004	PP	SO	100.0%
0	0.0%	3.2%	1595	2002|03|14|19	01.07.2005	PP	SO	100.0%
0	0.0%	3.0%	1879	1996|2014|22	01.04.2004	PP	SO	100.0%
1	0.0%	3.8%	1491	1925|70|2004|09	01.10.1999	PR	SO	100.0%
730	**4.1%**	**3.9%**						

5 SO = Sole ownership
BL = Building right
FA = Freehold apartment

6 Own-used property.
7 See details on pages 330 to 331.
8 Current development project designed for sale.
9 Purchase during reporting period.

Region	Land area m²	Office area m²	Retail area m²	Gastronomy area m²	Other area m²	Total rentable area m²
Sites and development properties[7]						
Basel, Project "Hochstrasse"	7 018	n.a.	n.a.	n.a.	n.a.	n.a.
Basel, Project "TEC"	3 657	n.a.	n.a.	n.a.	n.a.	n.a.
Lausanne, Project "Hôtel des Postes"	5 337	n.a.	n.a.	n.a.	n.a.	n.a.
Paradiso, "Residenza Parco Lago"[8]	11 117	n.a.	n.a.	n.a.	n.a.	n.a.
Rheinfelden, "Salmenpark"[8]	5 513	n.a.	n.a.	n.a.	n.a.	n.a.
Wädenswil, Areal "Wädenswil"[8]	3 084	n.a.	n.a.	n.a.	n.a.	n.a.
Wallisellen, Project "Richtipark"	5 578	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "Flüelastrasse"[8]	1 296	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "Füsslistrasse"	907	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "Sihlamtsstrasse"[8]	354	n.a.	n.a.	n.a.	n.a.	n.a.
Zürich, Project "The12"	1 506	n.a.	n.a.	n.a.	n.a.	n.a.
Total	**45 367**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Overall total portfolio	**566 320**	**702 061**	**72 854**	**36 676**	**180 037**	**991 628**

1 As per reporting date. Annualised vacancy (CHF) in % of potential rent (market rent for vacant area).
2 Annualised net rental income divided by average value of properties.
3 Year of last overall renovation.

4 PR = PSP Real Estate Ltd
PP = PSP Properties Ltd
IS = Immobiliengesellschaft Septima Ltd
SI = SI 7 Place du Molard Ltd
PD = Place DLS LLC

Parking spaces	Vacancy rate (CHF)[1]	Implied yield net[2]	Year of construction	Year of renovation[3]	Purchase date	Owner[4]	Ownership status[5]	Ownership percentage
n.a.	n.a.	n.a.	n.a.		01.01.2001	PR	SO	100.0%
n.a.	n.a.	n.a.	n.a.		01.12.2005	PR	SO	100.0%
n.a.	n.a.	n.a.	n.a.		01.04.2001	PR	SO	100.0%
n.a.	n.a.	n.a.	n.a.		01.04.2004	PP	FA	100.0%
n.a.	n.a.	n.a.	n.a.		01.01.2004	PP	FA	100.0%
n.a.	n.a.	n.a.	n.a.		01.04.2004	PP	FA	100.0%
n.a.	n.a.	n.a.	n.a.		01.11.2001	PR	SO	100.0%
n.a.	n.a.	n.a.	n.a.		01.10.1999	PR	SO	100.0%
n.a.	n.a.	n.a.	n.a.		01.04.2001	PR	SO	100.0%
n.a.	n.a.	n.a.	n.a.		01.04.2004	PP	SO	100.0%
n.a.	n.a.	n.a.	n.a.		01.10.1999	PR	SO	100.0%
n.a.	**n.a.**	**n.a.**						
7 534	**3.6%**	**3.2%**						

5 SO = Sole ownership
BL = Building right
FA = Freehold apartment

6 Own-used property.
7 See details on pages 330 to 331.
8 Current development project designed for sale.
9 Purchase during reporting period.

Additional information development projects

Project “Füsslistrasse”
Zurich, Füsslistrasse 6

Project description	State of project	Completion
Total renovation	**Under construction** Planned investment sum: approx. CHF 20 million (thereof CHF 13.7 million spent) Letting level: 30%	Mid of 2024

Project “Hochstrasse”
Basel, Hochstrasse 16 / Pfeffingerstrasse 5

Project description	State of project	Completion
Modernisation / partial reuse	**Under construction** Planned investment sum: approx. CHF 28 million (thereof CHF 9.0 million spent) Letting level: 50% (100% as of January 2024)	End of 2024

Project “The12”
Zurich, Theaterstrasse 12

Project description	State of project	Completion
Comprehensive renovation	**Under construction** Planned investment sum: approx. CHF 35 million (thereof CHF 17.4 million spent) Letting level: 100%	End of 2024

Project “TEC”
Basel, Grosspeterstrasse 24

Project description	State of project	Completion
Modernisation	**Under construction** Planned investment sum: approx. CHF 7 million (thereof CHF 0.9 million spent) Letting level: 42%	End of 2024

Project “Hôtel des Postes”
Lausanne, Place Saint-François 15

Project description	State of project	Completion
Total renovation	**Under construction** Planned investment sum: approx. CHF 45 million (thereof CHF 5.6 million spent) Letting level: 10%	End of 2025

The remaining sites and development properties are currently under review or already completed.

Property purchases

Location	Land area m²	Office area m²	Retail area m²
Zurich, Pfingstweidstrasse 60, 60b	13 803	24 959	1 055

Property sales

Location	Land area m²	Office area m²	Retail area m²
Interlaken, Bahnhofstrasse 23	419	0	353
Köniz near Bern (Spiegel), Grünenbodenweg 28	1 608	n.a.	n.a.
Wädenswil, Part of Areal "Wädenswil" (Reithalle, Mühlequartier and Felsenkeller)	15 326	n.a.	n.a.

Expiry of lease contracts

	Possibility of adjustment to market rent by PSP Swiss Property	Legal termination option by tenant
Contracts not limited in time, but subject to notice	6%	6%
2024	7%	9%
2025	11%	14%
2026	11%	16%
2027	15%	14%
2028	14%	13%
2029	4%	4%
2030	6%	4%
2031	6%	3%
2032	5%	4%
2033	4%	3%
2034+	11%	10%
Total	**100%**	**100%**

	Gastronomy area m²	Other area m²	Total rentable area m²	Parking spaces	Purchase date	Selling date
	159	948	27 121	135	01.06.2023	n.a.

	Gastronomy area m²	Other area m²	Total rentable area m²	Parking spaces	Purchase date	Selling date
	0	0	353	0	01.07.2005	28.03.2023
	n.a.	n.a.	n.a.	n.a.	01.04.2004	03.07.2023
	n.a.	n.a.	n.a.	n.a.	01.04.2004	25.05.3023

Tenant structure

	31 December 2022	31 December 2023
Swisscom	8%	7%
Google	4%	4%
IWG	3%	3%
Schweizerische Post	2%	2%
Bär & Karrer	2%	2%
Next five largest tenants	8%	8%
Other	73%	73%
Total	**100%**	**100%**

The rental income is fully recognised by the segment “Real estate investments”.

Five year review

Key financial figures	Unit	2019	2020	2021	2022	2023
Rental income	CHF 1 000	290 460	296 274	309 638	316 231	331 905
EPRA like-for-like change	%	1.2	– 0.2	– 0.2	2.2	5.1
Net changes in fair value of real estate investments	CHF 1 000	244 176	101 578	464 920	124 886	– 161 261
Income from property sales (inventories)	CHF 1 000	12 835	16 115	20 059	25 181	14 012
Income from property sales (investment properties)	CHF 1 000	14 961	0	9 462	– 447	910
Total other income	CHF 1 000	7 957	12 571	4 971	7 669	7 000
Total operating income	**CHF 1 000**	**570 389**	**426 538**	**809 050**	**473 520**	**192 566**
Total operating expenses	**CHF 1 000**	**– 57 426**	**– 55 232**	**– 58 362**	**– 57 742**	**– 56 426**
Operating profit (Ebit)	**CHF 1 000**	**512 963**	**371 306**	**750 688**	**415 778**	**136 140**
Financial results	CHF 1 000	– 19 084	– 13 209	– 11 122	– 11 560	– 22 886
Profit before income taxes	**CHF 1 000**	**493 879**	**358 097**	**739 566**	**404 219**	**113 255**
Income taxes	CHF 1 000	– 40 454	– 66 006	– 144 545	– 74 259	94 340
Net income	**CHF 1 000**	**453 425**	**292 091**	**595 022**	**329 960**	**207 595**
Net income excluding gains/losses on real estate investments[1]	**CHF 1 000**	**215 214**	**215 795**	**221 124**	**235 714**	**339 213**
Ebitda excluding gains/losses on real estate investments[1]	**CHF 1 000**	**256 145**	**271 058**	**278 756**	**293 822**	**297 742**
Ebitda margin	%	82.0	83.4	83.0	83.9	84.4
Interest coverage ratio[2]	Factor	13.4	20.5	25.1	25.4	13.0
Cash flow from operating activities	**CHF 1 000**	**241 935**	**209 766**	**297 495**	**316 442**	**276 899**
Cash flow from investing activities	CHF 1 000	– 151 921	– 490 960	– 105 044	– 222 144	– 353 609
Cash flow from financing activities	CHF 1 000	– 93 464	293 856	– 204 407	– 93 935	197 647
Total assets	**CHF 1 000**	**8 036 244**	**8 665 045**	**9 182 479**	**9 483 866**	**9 786 900**
Non-current assets	CHF 1 000	7 925 982	8 482 818	9 053 694	9 417 839	9 589 569
Current assets	CHF 1 000	110 263	182 227	128 786	66 027	197 331
Shareholders' equity	**CHF 1 000**	**4 450 220**	**4 579 165**	**5 019 087**	**5 198 379**	**5 220 722**
Equity ratio	%	55.4	52.8	54.7	54.8	53.3
Return on equity	%	10.5	6.5	12.4	6.5	4.0
Liabilities	**CHF 1 000**	**3 586 025**	**4 085 880**	**4 163 393**	**4 285 487**	**4 566 178**
Non-current liabilities	CHF 1 000	2 944 001	3 572 457	3 886 218	3 730 082	3 974 753
Current liabilities	CHF 1 000	642 024	513 422	277 174	555 405	591 425
Interest-bearing debt	CHF 1 000	2 596 136	3 057 204	3 012 749	3 092 389	3 465 833
Interest-bearing debt in % of total assets	%	32.3	35.3	32.8	32.6	35.4
Interest-bearing debt with fixed interest rates (maturity > 1 year)	%	76.9	84.3	92.5	82.1	84.1
Average interest rate (period)	%	0.77	0.53	0.40	0.38	0.72
Average remaining term to maturity interest-bearing debt	Year	4.4	5.0	5.1	4.1	3.9

Portfolio key figures	Unit	2019	2020	2021	2022	2023
Number of properties	Number	162	160	158	162	162
Carrying value properties	**CHF 1 000**	**7 259 441**	**7 681 998**	**8 509 792**	**8 886 673**	**9 046 911**
Implied yield, gross[3]	%	4.0	3.8	3.6	3.5	3.6
Implied yield, net[3]	%	3.4	3.3	3.1	3.1	3.2
Vacancy rate (CHF)[3]	%	3.5	3.0	3.8	3.0	3.6
Number of sites and development properties	Number	12	16	18	13	11
Carrying value sites and development properties	**CHF 1 000**	**722 223**	**895 091**	**617 180**	**534 382**	**560 582**

Headcount						
Employees	Number	94	96	98	100	101
Full-time equivalents	Number	89	89	90	91	90

Per share figures						
Earnings per share (EPS)[4]	CHF	9.89	6.37	12.97	7.19	4.53
EPS excluding gains/losses on real estate investments[4]	**CHF**	**4.69**	**4.70**	**4.82**	**5.14**	**7.40**
EPRA EPS[4]	CHF	3.94	4.32	4.68	4.66	7.17
Distribution per share	**CHF**	**3.60**	**3.65**	**3.75**	**3.80**	**3.85[5]**
Payout-Ratio[6]	%	76.7	77.6	77.8	73.9	52.1
Cash yield[7]	%	2.7	3.1	3.3	3.5	3.3
Net asset value per share (NAV)[8]	**CHF**	**97.02**	**99.83**	**109.42**	**113.33**	**113.82**
Premium/(discount) to NAV[9]	%	37.7	18.5	3.9	– 4.3	3.3
NAV per share before deduction of deferred taxes[8]	**CHF**	**115.82**	**119.57**	**131.84**	**136.62**	**134.48**
Premium/(discount) to NAV before deduction of deferred taxes[9]	CHF	15.3	– 1.1	– 13.8	– 20.6	– 12.6
EPRA NRV[8]	CHF	119.20	123.19	139.67	139.42	137.10
Share price high	CHF	133.60	153.70	127.30	125.90	120.50
Share price low	CHF	98.00	101.00	106.40	91.80	96.50
Share price end of period	**CHF**	**133.60**	**118.30**	**113.70**	**108.50**	**117.60**
Outstanding shares	Number	45 867 891	45 867 891	45 867 891	45 867 891	45 867 891
Average outstanding shares	Number	45 867 891	45 867 891	45 867 891	45 867 891	45 867 891

1 See definition “Net income excluding gains/losses on real estate investments” on page 104, note 15.
2 Ebitda excluding gains/losses on real estate investments in relation to financial results.
3 For investment properties.
4 Based on average number of outstanding shares.
5 Proposal to the Annual General Meeting on 4 April 2024 for the business year 2023: Dividend payment.
6 Distribution per share in relation to EPS excluding gains/losses on real estate investments.
7 Distribution per share in relation to share price at the end of period.
8 Based on number of outstanding shares.
9 Share price at the end of period in relation to NAV resp. NAV before deduction of deferred taxes.

Contacts and important dates

Main company addresses

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Agenda

Annual General Meeting 2024
4 April 2024, Theater Casino Zug, Zug

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Annual General Meeting 2025
3 April 2025, Theater Casino Zug, Zug

Customer care

Front units

Thanks to its broad regional presence, PSP Swiss Property has detailed knowledge of the local real estate markets. The well developed branch network allows efficient management of all properties.

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Charts/tables
Due to roundings, certain numbers presented in this report may not add up precisely to the totals provided. All key figures and changes were calculated using the precise numbers and not the presented, rounded ones.

English translation of German original
This is an English translation of the German original.
Only the German original is legally binding.

Front page image
The picture shows a section of the property at Rue du Marché 40, Geneva.

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Swiss Property

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