

Report of the Statutory Auditor

on the Ordinary Audit

of the Financial Statements

for the year ended 31 December 2022

of

Swiss Properties Invest AG

Baar

Report of the Statutory Auditor
to the General Meeting of
Swiss Properties Invest AG
Baar

Zurich, 1 February 2023

Report of the Statutory Auditor on the Financial Statements

Opinion

We have audited the financial statements of Swiss Properties Invest AG (the Company), which comprise the balance sheet as at 31 December 2022 and the income statement for the year then ended, the cash flow statement, and notes to the financial statements, including a summary of significant accounting principles.

In our opinion, the accompanying financial statements 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.

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.

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

Treureva Ltd

Peter Rügsegger
Licensed audit expert
Auditor in charge

Laura Sahli
Licensed audit expert

Enclosure:

- Financial statements (balance sheet, statement of income and notes)

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Balance sheet as at 31 December

Assets

in CHF	Notes	2022	2021
Cash and cash equivalents		11'068'661	2'994'557
Accounts receivable	1	53'845	0
Other short-term receivables	2	108'214	100'256
Prepaid expenses and accrued income		9'650	0
Total current assets		11'240'370	3'094'813
Properties	3	49'891'473	0
Total non-current assets		49'891'473	0
Total Assets		61'131'843	3'094'813

Liabilities and shareholder's equity

in CHF	Notes	2022	2021
Accounts payable	4	145'818	0
Short-term interest-bearing liabilities	5	27'416'000	0
Other short-term liabilities	6	15'832	3'000'000
Accrued expenses and deferred income		474'308	4'621
Total short-term liabilities		28'051'958	3'004'621
Long-term interest-bearing liabilities	7	5'000'000	0
Total long-term liabilities		5'000'000	0
Total liabilities		33'051'958	3'004'621
Share capital	8	29'000'000	100'000
Loss brought forward		-9'808	0
Loss of the year		-910'307	-9'808
Total shareholders' equity		28'079'885	90'192
Total liabilities and shareholder's equity		61'131'843	3'094'813

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Income statement

in CHF	Notes	2022	2021
Rental income	9	770'802	0
Other income		1'362	0
Total operating income		772'164	0
Property maintenance expenses		-80'147	0
Property financial management		-519'827	0
Company management expenses		-289'054	0
Personnel expenses	10	-98'837	0
Other operating expenses		-365'841	-8'681
Depreciation and impairment losses on properties		-158'837	0
Total operating expenses		-1'512'542	-8'681
Operating result		-740'378	-8'681
Financial expenses mortgage		-123'550	0
Other financial expenses		-6'159	-1'027
Loss of the year before taxes		-870'087	-9'708
Direct taxes		-40'220	-100
Loss of the year		-910'307	-9'808

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Cash flow statement

in CHF	Notes	2022	2021
Loss of the year		-910'307	-9'808
Depreciation and impairment losses on properties		158'487	0
Changes in accounts receivable		-53'845	0
Changes in other short-term receivables, prepaid expenses and accrued income		-17'608	-100'256
Changes in accounts payable		145'818	0
Changes in other short-term liabilities, accrued expenses and deferred income		24'901'519	3'004'621
Cash flows from operating activities		24'224'064	2'894'557
Acquisition of properties		-50'050'310	0
Cash flows from investing activities		-50'050'310	0
Proceeds from issue of share capital		28'900'000	100'000
Cash inflows from long-term interest-bearing liabilities		5'000'000	0
Cash flow from financing activities		33'900'000	100'000
Change in cash and cash equivalents		8'073'754	2'994'557
Reconciliation:			
Cash and cash equivalents as at 1st January		2'994'557	0
Exchange rate differences on cash and cash equivalents		0	0
Cash and cash equivalents as at 31st December		11'068'661	2'994'557
Change in cash and cash equivalents		8'074'104	2'994'557

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Notes to the financial statements 2022

Principles

Introduction

Our objective is to own, operate, optimise and develop a portfolio of attractive commercial properties for renting out commercial space in selected regions (cantons) in Switzerland with the aim of increasing the value of the properties over the long term by optimizing the operations, aiming at lowering costs and developing the properties to increase rental income.

General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves.

Properties, plant and equipment (PPE)

PPE are valued according to Art. 960a of the Swiss Code of Obligation whereby the assets must be recorded not higher than their acquisition or manufacturing costs.

a. Investment properties

Transaction costs, usually consisting of brokerage commission and transaction taxes as well as land register and notary costs are part of the acquisition costs.

The straight-line depreciation is applied. The rate is 1% per year. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

b. Solar panels

The photovoltaic system is depreciated on a straight-line model over the estimated life expectancy of 25 years

Revenue recognition

Rental income is recognized upon the start of the lease contract.

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Disclosure on balance sheet and income statement items

1. Accounts receivable

in CHF	2022	2021
Receivables from third parties	37'077	0
Receivables from additional costs	16'768	0
Total	53'845	0

2. Other short-term receivables

in CHF	2022	2021
Receivables from third parties	108'214	100'256
Total	108'214	100'256

3. Properties

in CHF	2022	2021
Investment properties	49'996'137	0
Solar panels	54'173	0
Depreciation and impairment losses on investment properties	-158'837	0
Total	49'891'473	0

4. Accounts payable

in CHF	2022	2021
Accounts payable due to third parties	6'393	0
Accounts payable due to shareholders	139'424	0
Total	145'818	0

5. Short-term interest-bearing liabilities

in CHF	2022	2021
Mortgage Luzerner Kantonalbank	16'700'000	0
Mortgage Zürcher Kantonalbank	5'750'000	0
Mortgage acrevis	4'966'000	0
Total	27'416'000	0

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6. Other short-term liabilities

in CHF	2022	2021
Liabilities due to third parties	12'987	0
Liabilities due to pension fund	2'845	0
Liabilities due to shareholders	0	3'000'000
Total	15'832	3'000'000

7. Long-term interest-bearing liabilities

in CHF	2022	2021
Mortgage acrevis	5'000'000	0
Total	5'000'000	0

Overview by maturity

in CHF	2022	2021
Up to five years	5'000'000	0
Total	5'000'000	0

8. Share capital and reserves from capital contributions

The company increased its share capital on the 12th October 2022 by CHF 10'000'000 and on the 6th December 2022 by CHF 16'000'000. As at 31st December 2022 the share capital consists of 290'000 registered shares at a par value of CHF 100 each for a total of CHF 29'000'000.

9. Rental income

in CHF	2022	2021
Grabenstrasse 8, Nänikon (01-12), Zurich	397'003	0
Murgstrasse 21, Wängi (10-12), Thurgau	204'000	0
Industriestrasse 17+17a, Sempach (11-12), Luzern	113'460	0
Pilatusstrasse 2, Dierikon (12), Luzern	56'339	0
Total	770'802	0

10. Personnel expenses

in CHF	2022	0
Gross salaries management	42'000	0
Gross salaries employees	44'305	0
Other personell expenses	2'305	0
Social securities expenses	10'226	0
Total	98'837	0

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11. Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, does not exceed 10.

12. Assets pledged to secure own liabilities, as well as assets with retention of title

in CHF	2022	2021
Grabenstrasse 8, Nänikon, Zurich	8'898'173	0
Murgstrasse 21, Wängi, Thurgau	14'641'000	0
Industriesstrasse 17+17a, Sempach, Luzern	12'561'900	0
Pilatusstrasse 2, Dierikon, Luzern	13'790'400	0

13. Borrower's Note

in CHF	2022	2021
Grabenstrasse 8, Nänikon, Zurich	8'000'000	0
Murgstrasse 21, Wängi, Thurgau	10'500'000	0
Industriesstrasse 17+17a, Sempach, Luzern	8'800'000	0
Pilatusstrasse 2, Dierikon, Luzern	9'000'000	0

14. Mortgage liabilities

in CHF	2022	2021
ZKB SARON + 0.70% margin (perpetual)	5'750'000	0
acrevis fix-term 1.6% (01.10.2022 - 31.12.2027)	5'000'000	0
acrevis SARON + 0.80% margin (perpetual)	4'966'000	0
LUKB SARON + 0.90% margin (01.11.2022 - 01.11.2023)	8'000'000	0
LUKB SARON + 0.90% margin (13.12.2022 - 13.12.2023)	8'700'000	0

15. Significant events after the balance sheet date

The company acquired on the 6th January 2023 a new property in Weststrasse 15, Weinfelden canton of Thurgau. Start of ownership is the 1st January 2023.

16. Audit fee

in CHF	2022	2021
Audit services	16'500	1'500
Total	16'500	1'500