



Swiss Prime Site  
Solutions REAL ESTATE  
ASSET MANAGERS

# Audited annual report as at 30 September 2022

Swiss Prime Site Solutions  
Investment Fund (SPSS IF)  
Commercial

A contractual investment fund under Swiss law for qualified  
investors in the «real estate fund» category



# Contents

<b>04</b>	Editorial
<b>06</b>	Key information at a glance
<b>07</b>	Management and governance bodies
<b>08</b>	Information on third parties
<b>09</b>	Activity report by the fund management company
<b>11</b>	Portfolio structure
<b>12</b>	Sustainability
<b>14</b>	Balance sheet
<b>15</b>	Income statement
<b>17</b>	Notes
<b>18</b>	Property details
<b>25</b>	Valuation report
<b>27</b>	Auditor's report

# Editorial

Dear investors

The Swiss Prime Site Solutions Investment Fund Commercial («SPSS IFC») can look back on a successful first financial year. The fund management team would like to thank all our investors for the trust placed in us as managers of the SPSS IFC.

This first real estate fund from Swiss Prime Site Solutions raised capital totalling CHF 213 million during the reporting period.

Thanks to a healthy property pipeline, purchases of around CHF 346 million, including the initial portfolio, were made as part of the first issue during the financial year. The breakdown by type of use includes a 60% allocation to retail and 26% to offices.

During the financial year just ended, the SPSS IFC earned rental income of CHF 10.1 million. The vacancy rate as at 30 September 2022 was 3.6%, which is a good level considering the market environment.

After drifting sideways through to the end of 2021, real estate fund prices responded to the rise in interest rates. The index of listed Swiss real estate funds (SWIIT) fell by 16.76% during the period from 1 January 2022 to 30 September 2022. In contrast, the over-the-counter price of the SPSS IFC fell by just 2.34% over the same period, meaning that it outperformed the market by 14.42%.

The distribution is CHF 3.50 per share, putting the cash yield for this shortened financial year of roughly nine months at an impressive 3.55%.

Due to various factors, the commercial market currently offers attractive investment opportunities with appealing risk/return profiles. The outstanding return on investment of 5.75% and strong cash flow yield of 4.05% – both well above the target range – vindicates the route that the SPSS IFC has taken. Market opportunities that arise during the coming financial year will continue to be exploited for countercyclical investments. We are confident that through a carefully targeted selection of commercial properties, particularly in the office and business segments, we can generate an attractive return on investment for the SPSS IFC in the medium and long term.



A handwritten signature in blue ink, appearing to read 'P. Keller', written in a cursive style.

Philippe Keller  
Member of the Board of Directors



# Key information at a glance

<b>Key data</b>	<b>30.09.2022</b>
Number of units in circulation at the start of the reporting period	0
Fund units issued	2 119 576
Fund units redeemed	0
Number of units in circulation at the end the reporting period	2 119 576
Net asset value per unit in CHF	105.75
Closing price in CHF (Mid) <sup>1</sup>	98.50
Market value in CHF	208 778 236
Discount/Premium	-6.86%
	<b>17.12.2021-</b>
	<b>30.09.2022</b>
<b>Balance sheet</b>	
Fair value of the properties	346 444 000
Total fund assets (GAV) in CHF	349 625 204
Net fund assets (NAV) in CHF	224 155 040
Loan-to-value ratio as % of fair value <sup>2</sup>	34.85%
	<b>17.12.2021-</b>
	<b>30.09.2022</b>
<b>Return and performance information</b>	
Distribution per share in CHF <sup>3</sup>	3.50
Cash yield <sup>4</sup>	3.55%
Payout ratio	86.35%
Return on equity (ROE) <sup>4</sup>	5.75%
Return on invested capital (ROIC) <sup>4</sup>	4.01%
Return on investment <sup>4</sup>	5.75%
of which cashflow return <sup>4</sup>	4.05%
of which change in value yield <sup>4</sup>	1.70%
Performance <sup>4</sup>	-0.39%
Total expense ratio, GAV (TER <sub>REF</sub> GAV) <sup>5</sup>	0.72%
Total expense ratio, GAV (TER <sub>REF</sub> MV) <sup>5</sup>	1.03%
	<b>17.12.2021-</b>
	<b>30.09.2022</b>
<b>Income statement</b>	
Net income	8 590 858
Rental income	10 105 157
Rent default rate	3.59%
Weighted average unexpired lease term (WAULT) <sup>6</sup>	3.81 years

1) Trading only off-change on the secondary market

2) FINMA approval for an exemption to the maximum encumbrance limits in the first two years from launch

3) Ex-date: 18.11.2022 / payment date: 9.12.2022

4) Calculation since launch (17.12.2021 - 30.09.2022)

5) Annualised figures

6) Voluntarily disclosed key figure that has not been audited by the auditors

## Fund information

<b>Key data</b>	
Fund name	Swiss Prime Site Solutions Investment Fund Commercial
Securities number / ISIN	113 909 906 / CH1139099068
Legal form	Contractual real estate fund for qualified investors (Art. 25 et seq. CISA)
Investor base	Qualified investors within the meaning of Art. 10 para. 3 and 3ter CISA in conjunction with Art. 4 paras. 3-5 and Art. 5 para. 1 FinSA
Accounting year	1 October to 30 September

# Management and governance bodies

## Board of Directors



**René Zahnd**  
Chairman of the Board of Directors



**Marcel Kucher**  
Member of the Board of Directors



**Philippe Keller**  
Member of the Board of Directors

## Operational Management



**Anastasius Tschopp**  
CEO



**Philippe Brändle**  
CFO



**Maximilian Hoffmann**  
CIO Funds



**Samuel Bergstein**  
Head Acquisition Funds



**Fabian Linke**  
Head Business Development &  
Fundraising

---

**Fund management company**

Swiss Prime Site Solutions AG, Zurich

---

**External auditor**

KPMG AG, Zurich

---

**Custodian bank**

Banque Cantonale Vaudoise, Lausanne

# Information on third parties

## **Accredited valuation experts**

- Laura Blaufuss, PriceWaterhouseCoopers AG, Zurich
- Sebastian Zollinger, PriceWaterhouseCoopers AG, Zurich

## **Property management**

- Wincasa AG, Winterthur

## **Delegation of specific tasks**

The fund management company has delegated specific tasks in the following areas to SPS Management AG, Zug a group company of Swiss Prime Site AG, Zug:

- Accounting
- Real estate controlling
- IT and infrastructure
- Human Resources
- Legal
- Internal audit

# Activity report by the fund management company

## Executive Summary

We are pleased to present this Annual Report, setting out the first audited annual results of the Swiss Prime Site Solutions Investment Fund Commercial («SPSS IFC»). The Annual Report 2021/22 covers the performance over the course of a short financial year of around nine months from the fund's launch on 17 December 2021. Dynamic growth was achieved over this period, and a high-yield portfolio with potential for value growth has been built up. The investment strategy's countercyclical focus on commercial properties is proving shrewd and resilient amid high inflation, thanks to rent indexation.

- **Strong return on investment well above target at 5.75%**
- **High-yield portfolio with cash flow returns of 4.05% built up**
- **87% indexation of leases**
- **Countercyclical investment approach paying off**

The SPSS IFC has performed well even in its build-up phase, recording a return on investment of 5.75%. The cash flow yield for this short financial year of 4.05% is above the annualised target range of 3.5% to 4.0%. The capital committed by the investors was invested in full and in accordance with the strategy. Meanwhile, the use of borrowed capital was deliberately kept in check on average over the reporting period, given expectations of interest rate increases.

## Acquisitions

The emphasis during the reporting period was on growth and associated risk diversification for our investors. Thanks to our broad market access and disciplined acquisition policy, we bought 16 properties over nine months, with a combined market value of around CHF 350 million.

- **16 properties added**
- **Growth of CHF 350 million**
- **Broad diversification achieved within nine months**

The acquisition policy focuses on countercyclical investments in good locations. The average transaction size of roughly CHF 20 million is within the target range of CHF 20 million to CHF 50 million per property.

The aim of the acquisitions was to achieve broad diversification in terms of geographic spread, age and type of use. This was successfully accomplished, with 16 properties across ten cantons. For diversification by type of use, the purchase of the Centro Lugano Sud shopping centre has resulted in a slight overweight in retail; the intention is to reduce this gradually to within the 20%-40% target range through further acquisitions.

- **Average transaction size within target range at CHF 20 million**

## **Portfolio- & asset management**

Incorporating asset management in the acquisition process at an early stage ensures good information flows and seamless implementation to directly unlock potential for value growth at the properties. Thanks in part to this key process management, the properties' EBIT margin is high, at 84%. This margin is also the result of disciplined cost management. Target rental income was increased by 75% within six months between the end of the first half of 2021/22 and the close of the 2021/22 financial year. Rental income growth thus outstripped the growth of 50% in the portfolio of investment properties over the same period.

- **EBIT margin of 84% at property level**
- **Vacancy rate of 3.6% within the strategic range**
- **Rental income rose by a disproportionately strong 75%**

The vacancy rate of 3.6% is at the lower end of the strategic target range of 3%-8%. The modest rise in the vacancy rate between the midpoint and end of the year 2021/22 is largely linked to initial vacancies at Centro Lugano Sud, where premises are now being relet. With about 3 million visitors per year, high visibility and good recognition, Centro Lugano Sud offers an outstanding platform for retailers in Ticino, reflected in the waiting list of interested tenants.

Impending vacancies are anticipated in good time and averted where possible. Our asset management activities prioritise close contact and regular dialogue with tenants.

- **WAULT within the target range at 3.81 years**
- **Extension options in 2024 offer an opportunity to increase WAULT**

The average weighted average unexpired lease term (WAULT) as at the end of the reporting period was 3.8 years. In view of the disproportionate impact of Centro Lugano Sud and the many outstanding extension options at this property in calendar year 2024, it can be assumed that WAULT will rise further upon exercise of these contractual options in the next reporting period.

In terms of cost-efficiency and assurance of service quality, preparations were undertaken in the reporting period to consolidate the facility management provider strategy through framework agreements and to ensure quality assurance across the whole portfolio.

- **Quality assurance preparations with comprehensive facility management provider strategy**
- **Investors benefit from synergies and existing Swiss Prime Site Solutions structures**

Tried-and-trusted Swiss Prime Site structures can be deployed, unlocking synergies and cost efficiencies for SPSS IFC investors.

## Outlook

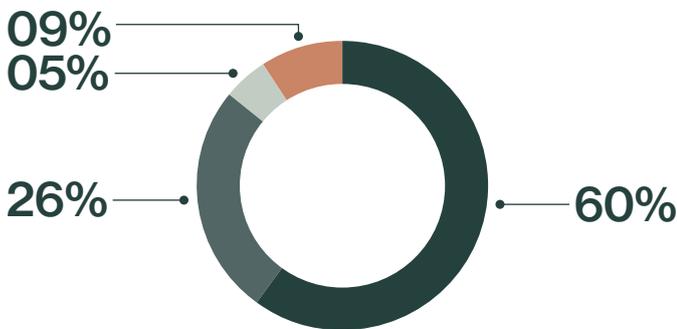
The existing high-yield portfolio is well-placed to cope with a possible rise in inflation, thanks to its indexed rental contracts.

Future acquisitions will focus on office and commercial usage, in order to adhere to the strategic ranges set for types of use. The deal pipeline is geared towards this objective.

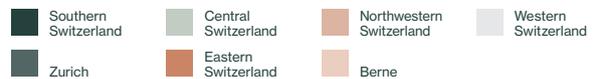
Overall, based on the market environment, we see attractive purchase opportunities in the area of commercial real estate and are encouraged by our countercyclical investment strategy.

# Portfolio structure

Portfolio split by type of use as at 30.09.2022  
(based on target rental income)



Portfolio split by region as at 30.09.2022  
(based on fair value)



# Sustainability<sup>1</sup>

Right from the planning stage of the Swiss Prime Site Solutions Investment Fund Commercial («SPSS IFC») in December 2021, Swiss Prime Site Solutions was aware of its responsibility to construct and operate properties sustainably. Synergies were achieved with the SPSS IFC right from the outset, based on the Swiss Prime Site Group's established sustainability structure.

In addition, a dedicated unit has been set up within the fund management team with a focus on implementing various sustainability measures at product level.

- **High professionalism and synergies with the Swiss Prime Site Group**
- **Dedicated sustainability department set up at fund management level**

In order to embed sustainability within the management process from an early stage, due diligence checks relating to environmental, social and governance (ESG) matters were systematically incorporated into the purchase process for all acquisitions. The firm objective is to gain a clear understanding of a property's ESG position before it is integrated into the portfolio. The SPSS IFC consciously invests in properties that are in need of an ESG transformation. That way, the lever to achieve ESG improvements and thus reduce carbon emissions is applied where it will have the greatest effect.

- **ESG due diligence incorporated into the acquisition process**
- **Turning «brown» properties «green» is the biggest lever for ESG improvement**

Specific measures are being developed to achieve continuous improvement in the existing portfolio's ESG performance. A 10-year strategic sustainability plan is applied to all properties. To achieve this, sustainability experts from Wincasa inspected all the portfolio properties and drew up sustainable renovation plans for each one, including the cost framework and implications for the CO<sub>2</sub> reduction pathway. The sustainability plan contains measures to improve the ESG scores of the existing properties and will be automatically triggered as the basis for evaluating any renovation plans for properties acquired in the future.

- **All properties analysed against 10-year strategic sustainability plan and CO<sub>2</sub> reduction pathway**
- **Plans of measures to improve ESG scores developed**

As at the reporting date for this Annual Report, various additions had already been made to increase the sustainability of portfolio properties. These include photovoltaic (PV) systems and electric mobility infrastructure.

- **Approx. 19% of the properties have PV systems**
- **One of the largest PV systems in Ticino (330 kWp kWh)**
- **Installation of 12 electric vehicle parking spaces at Centro Lugano Sud**

1) The SPSS IFC does not qualify as a collective investment scheme with sustainability credentials within the meaning of the AMAS Self-Regulatory Directive of 26 September 2022. The ESG integration approach set out in the chapter does not result in the collective investment scheme being sustainable or deemed to be sustainably managed. ESG integration approach set out in the chapter does not result in the collective assets being sustainable or deemed to be sustainably managed within the meaning of the AMAS Self-Regulation.

Precise information on the space (such as accurate calculation of the relevant energy-consuming area) and local consumption data at sensitive points in a property are essential to ensuring that sustainability measures are implemented efficiently and data quality is high. That is why a pilot project to automatically read consumption data at the «Rudolph Diesel Strasse, Winterthur» property was put in place. Following successful initial implementation and based on the experience gained, the intention is now to roll out automated reading of consumption data to the entire portfolio. A pilot scheme with various partners on how to measure areas has also been approved, in order to identify the product that is best suited to the SPSS IFC. Here too, a blanket roll-out across the portfolio is planned once the pilot phase has been completed.

- **Pilot projects to automate the reading of energy data and digitally measure areas successfully carried out**

Negotiations are already underway to add all properties to a framework agreement with major facility management providers, as part of efforts to continuously improve the operation of the properties. Inclusion in a framework agreement will ensure the development of uniform high quality standards with professional optimisation measures across the entire portfolio. This will help further optimise operations, contributing to cost reductions and ESG improvements.

Once the basics such as area measurement and consumption data recording have been put in place, the SPSS IFC will strive for a GRESB (Global Real Estate Sustainability Benchmark) ESG rating in 2023.

- **A GRESB grace period is planned for 2023**



# Balance sheet

in CHF

30.09.2022

## Aktiven

Cash, post office and bank balances payable at sight, including fiduciary deposits with third-party banks	910 822
Sites	
- Residential buildings	0
- Commercial properties	346 444 000
- Mixed-use buildings	0
- Building land including properties for demolition and buildings under construction	0
Total sites	346 444 000
Other assets	2 270 381
<b>Total fund assets</b>	<b>349 625 204</b>

## Liabilities

Current liabilities	
- Current interest-bearing mortgages and other liabilities secured by mortgages	120 750 000
- Current interest-bearing loans and credits	0
- Other current liabilities	2 716 746
Total current liabilities	123 466 746
Non-current liabilities	
- Non-current interest-bearing mortgages and other liabilities secured by mortgages	0
Total non-current liabilities	0
Total liabilities	123 466 746
<b>Net fund assets before estimated liquidation taxes</b>	<b>226 158 458</b>
Estimated liquidation taxes	2 003 418
<b>Net fund assets</b>	<b>224 155 040</b>

## Number of units in circulation

Units in circulation at the start of the reporting period	0
Units issued	2 119 576
Units redeemed	0
<b>Units in circulation at the end of the reporting period</b>	<b>2 119 576</b>
<b>Net asset value per unit</b>	<b>105.75</b>

## Change in net fund assets

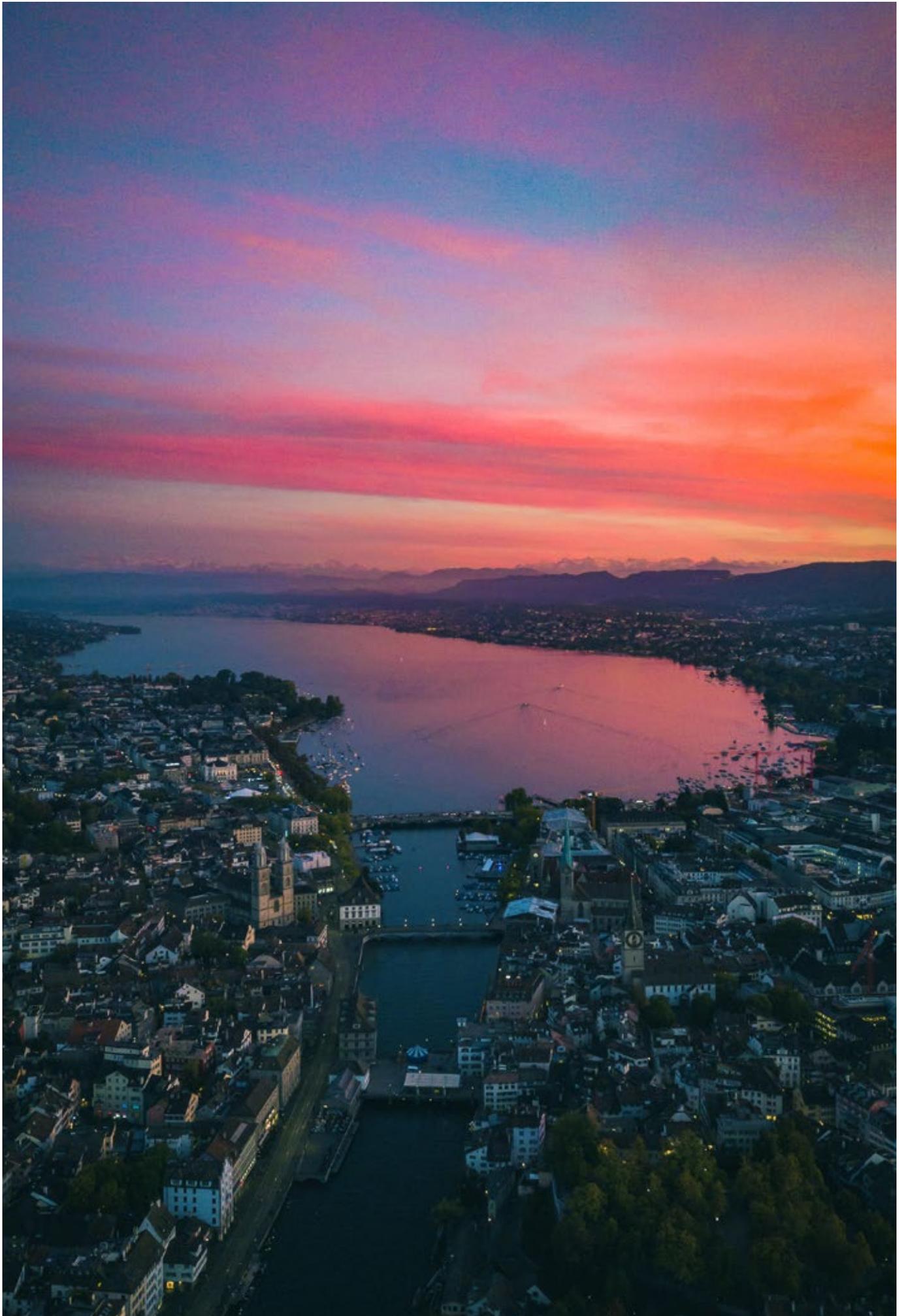
Net fund assets at the start of the reporting period	0
Distributions	0
Balance from unit transactions excluding purchase of current income on issue of units and payment of current income on redemption of units	211 957 600
Total result	12 197 440
Balance of allocations to/releases of provisions for repairs	0
<b>Net fund assets at the end of the reporting period</b>	<b>224 155 040</b>

# Income statement

in CHF

17.12.2021 -  
30.09.2022

<b>Income</b>	
Negative interest	-15 432
Rental income	10 105 157
Other income	350 124
Purchase of current net income on issue of units	1 125 266
<b>Total income</b>	<b>11 565 115</b>
<b>Expenses</b>	
Mortgage interest and interest on liabilities secured by mortgages	67 320
Other interest payable	0
Maintenance and repairs	311 686
Property management	
- Property expenses	454 638
- Administrative expenses	0
Taxes and duties	
- Property taxes	206 912
- Profit and capital taxes	367 670
- Duties	0
Valuation and audit expenses	139 775
Depreciation of properties	0
Provisions for future repairs	0
- Allocations	0
- Releases	0
Mandated remuneration of	
- the fund management company	932 979
- the custodian bank	45 014
- the real estate managers	329 989
Other expenses	118 274
Payment of current net income on redemption of units	0
<b>Total expenses</b>	<b>2 974 257</b>
<b>Net income</b>	<b>8 590 858</b>
Realised capital gains and losses	0
<b>Realised result</b>	<b>8 590 858</b>
Unrealised capital gains and losses	5 610 000
Change in liquidation taxes	-2 003 418
<b>Total result</b>	<b>12 197 440</b>
<b>Appropriation of net income</b>	
Net revenue for the reporting period	8 590 858
Brought forward from previous year	0
<b>Net income available for distribution</b>	<b>8 590 858</b>
Net income reserved for distribution to investors	7 418 516
<b>Balance carried forward to new account</b>	<b>1 172 342</b>



# Notes

in CHF

30.09.2022

Balance on depreciation account for properties	0
Balance on provision account for future repairs	0
Balance on the account for the reinvestment of retained earnings	0
Number of units on which notice given by the end of the next financial year	none

Key data	30.09.2022
Rent default rate	3.59%
Loan-to-value ratio (as % of fair value) <sup>1</sup>	34.85%
Cash yield <sup>2</sup>	3.55%
Payout ratio	86.35%
EBIT margin	78.18%
Total expense ratio GAV (TER <sub>REF</sub> GAV) <sup>3</sup>	0.72%
Total expense ratio market value (TER <sub>REF</sub> MV) <sup>3</sup>	1.03%
Return on equity (ROE) <sup>2</sup>	5.75%
Return on invested capital (ROIC) <sup>2</sup>	4.01%
Premium	-6.86%
Performance <sup>2</sup>	-0.39%
Return on investment <sup>2</sup>	5.75%

1) FINMA exemption authorisation regarding the maximum load limit for the first two years after launching

2) Calculation since launch (17.12.2021 - 30.09.2022)

3) Annualised figures

## Information on derivatives

None

## Principles for the valuation of fund assets and the calculation of net asset value

The net asset value of a unit is the fair value of the fund assets, less any liabilities of the investment fund and any taxes likely to fall due if the fund assets are liquidated, divided by the number of units outstanding.

In accordance with Art. 88 para. 2 CISA, Art. 92 and 93 CISO and the Asset Management Association Switzerland (AMAS) Guidelines for real estate funds, the fund's properties are regularly valued by an independent valuation expert accredited by the supervisory authority, using a dynamic capitalised earnings method. The valuation represents a price that would probably be obtained in a prudent sale at the time of the valuation. Buildings under construction and construction projects are also valued at fair value.

When properties are bought or sold for the fund and at the end of each financial year, the fair value of the properties held by the fund must be checked by the valuation expert. The fair value of the individual properties represents a price that would probably be obtained under normal conditions, assuming a prudent buyer and seller.

The average real discount rate, weighted by fair value, of all properties valued as at 30 September 2022 is 3.48%; the lowest is 2.45% and the highest is 4.80%.

Further information on the fair values can be found in the valuation report of the independent real estate valuer.

# Property details

(All values in CHF)

Town/city, address	Built	Form of ownership	Actual costs	Fair value	Target rental income <sup>1</sup>	Rental defaults <sup>1</sup>	Gross income <sup>1</sup> (net rental income)	Gross yield (based on fair value)
<b>Commercial properties</b>								
<b>Amriswil</b> , Weinfelderstrasse 74	2004	Sole ownership (100%)	7 380 000	7 261 000	312 635	23 528 7.5%	289 107	5.7%
<b>Bedano</b> , Via d'Argine 3	2002/2010	Sole ownership (100%)	20 847 000	20 929 000	802 304	0 0.0%	802 304	5.1%
<b>Burgdorf</b> , Emmentalstrasse 14	1972	Sole ownership (100%)	8 016 000	7 646 000	202 218	15 773 7.8%	186 446	5.3%
<b>Cham</b> , Dorfplatz 2	1992	Sole ownership (100%)	6 310 000	6 268 000	186 072	10 560 5.7%	175 512	4.0%
<b>Dietikon</b> , Kirchstrasse 20	1987	Sole ownership (100%)	14 632 000	15 107 000	427 773	325 0.1%	427 448	3.8%
<b>Grancia</b> , Via Cantonale	1991/2004	Sole ownership (100%)	80 146 000	81 009 000	2 609 738	167 679 6.4%	2 442 059	7.7%
<b>Lucerne</b> , Luzernerstrasse 86, 88	1986	Joint ownership (99%)	22 191 000	22 290 000	799 108	34 615 4.3%	764 493	4.8%
<b>Neuchâtel</b> , Avenue J.-J. Rousseau 7	1929	Sole ownership (100%)	8 074 000	8 151 000	358 497	0 0.0%	358 497	5.9%
<b>Oberbüren</b> , Buchental 4	1990	Sole ownership (100%)	28 383 000	28 191 000	1 121 444	0 0.0%	1 121 444	5.3%
<b>Schwyz</b> , Oberer Steisteg 18, 20	1988	Sole ownership (100%)	9 497 000	9 473 000	419 711	41 265 9.8%	378 446	5.9%
<b>Solothurn</b> , Hauptgasse 59	1963	Sole ownership (100%)	19 087 000	19 716 000	563 577	0 0.0%	563 577	3.8%
<b>St. Gallen</b> , Rorschacher Strasse 63	1960	Sole ownership (100%)	8 954 000	9 122 000	29 200	0 0.0%	29 200	3.8%
<b>Steinhausen</b> , Chollerstrasse 21, 23	1990	Sole ownership (100%)	24 827 000	25 113 000	87 600	0 0.0%	87 600	4.2%
<b>Thun</b> , Bälliz 7	1900	Sole ownership (100%)	11 283 000	11 362 000	342 270	0 0.0%	342 270	4.0%
<b>Winterthur</b> , Marktgasse 3	1969	Sole ownership (100%)	19 512 000	20 961 000	484 097	0 0.0%	484 097	3.1%
<b>Winterthur</b> , Rudolf Diesel Strasse 20	2019	Sole ownership (100%)	51 695 000	53 845 000	1 734 907	76 350 4.4%	1 658 557	4.3%
<b>Overall total</b>			<b>340 834 000</b>	<b>346 444 000</b>	<b>10 481 151</b>	<b>370 094 3.5%</b>	<b>10 111 057<sup>2</sup></b>	<b>5.2%</b>

1) Since purchase until 30.09.2022

2) Without lump-sum value adjustment of CHF 5'900

Information on actual remuneration rates where the fund regulations lay down maximum rates	30.09.2022	
	Actual	Maximum
<b>a) Remuneration of the fund management company</b>		
Annual commission for the management of the real estate fund, management of its assets and distribution of the real estate fund, based on the total fund assets	0.47%	1.00%
Commission for work on construction, renovation and modification of buildings, based on construction costs	n.a.	9.00%
Remuneration for work on the purchase and sale of properties, based on the purchase/sale price, where no third party is commissioned for this	1.40%	2.00%
Remuneration for the management of the individual properties during the reporting period based on gross rental income	n.a.	5.00%
Issuing commission to cover the costs associated with the placement of new units, based on the net asset value of the newly issued units <sup>1</sup>	1.30%	2.50%
Redemption commission to cover the costs associated with the redemption of units, based on the total asset value of the redeemed units	n.a.	2.50%
<b>b) Remuneration of the custodian bank</b>		
Commission for the custody of the fund assets, provision of the payment infrastructure for the real estate fund and the other expenses listed in section 4 of the fund contract, based on the total fund assets	0.03%	0.05%
Commission for the payment of annual income to investors	none	none

1) without discounts granted

Total amount of the contractual payment obligations after the balance sheet date for purchases of properties and for construction contracts and investments in properties	30.09.2022
---	------------

Purchases of properties	0
Construction contracts and investments in properties	0

Non-current liabilities, broken down into those falling due within one to five years and after five years	30.09.2022
---	------------

1 to 5 years	0
> 5 years	0

Investments	30.09.2022
-------------	------------

Investments that are listed on an exchange or another regulated market open to the public: valued at the prices paid on the primary market; in accordance with Art. 84 para. 2 lit. a CISO-FINMA.	0
Investments for which no prices are available pursuant to lit. a above: valued on the basis of parameters that are observable on the market; in accordance with Art. 84 para. 2 lit. b CISO-FINMA.	0
Investments not valued on the basis of parameters that are observable on the market: valued using suitable valuation models and taking account of the current market circumstances; in accordance with Art. 84 para. 2 lit.	346 444 000
<b>Total investments</b>	<b>346 444 000</b>

# Mortgages and other liabilities secured by mortgages

## Current mortgages and fixed advances (as at 30.09.2022)

Type of loan	Term		Amount in CHF	Interest rate
	from	to		
Fixed advance	28.09.2022	31.10.2022	8 950 000	0.86%
Fixed advance	30.09.2022	31.10.2022	9 500 000	0.75%
Fixed advance	30.09.2022	31.10.2022	22 300 000	0.83%
Fixed advance	31.08.2022	07.12.2022	80 000 000	0.38%
<b>Total</b>			<b>120 750 000</b>	

## Expired mortgages and fixed advances (17.12.2021–30.09.2022)

Type of loan	Term		Amount in CHF	Interest rate
	from	to		
Fixed advance	11.01.2022	28.02.2022	48 000 000	0.00%
Fixed advance	12.01.2022	28.02.2022	10 000 000	0.00%
Fixed advance	06.01.2022	31.03.2022	8 000 000	0.00%
Fixed advance	04.02.2022	01.04.2022	9 000 000	0.00%
Fixed advance	11.02.2022	01.04.2022	3 000 000	0.00%
Fixed advance	28.02.2022	01.04.2022	58 000 000	0.00%
Fixed advance	14.03.2022	01.04.2022	8 000 000	0.00%
Fixed advance	31.03.2022	01.04.2022	8 000 000	0.00%
Fixed advance	01.04.2022	29.04.2022	17 000 000	0.00%
Fixed advance	29.04.2022	31.05.2022	17 000 000	0.00%
Fixed advance	04.05.2022	31.05.2022	1 500 000	0.00%
Fixed advance	05.05.2022	31.05.2022	82 371 098	0.00%
Fixed advance	31.05.2022	30.06.2022	101 000 000	0.00%
Fixed advance	30.06.2022	08.07.2022	4 000 000	0.15%
Fixed advance	30.06.2022	29.07.2022	47 000 000	0.15%
Fixed advance	08.07.2022	29.07.2022	2 000 000	0.20%
Fixed advance	30.06.2022	31.08.2022	50 000 000	0.20%
Fixed advance	29.07.2022	31.08.2022	48 000 000	0.20%
Fixed advance	31.08.2022	30.09.2022	12 500 000	0.20%
Fixed advance	01.09.2022	30.09.2022	24 200 000	0.38%

# Purchases and sales of properties

List of properties bought and sold during financial year 2021/22 (as at 30.09.2022)

Purchases	Type of building	Fair value
Amriswil, Weinfelderstrasse 74 <sup>1</sup>	Commercial property	7 261 000
Bedano, Via d'Argine 3	Commercial property	20 929 000
Burgdorf, Emmentalstrasse 14 <sup>1</sup>	Commercial property	7 646 000
Cham, Dorfplatz 2 <sup>1</sup>	Commercial property	6 268 000
Dietikon, Kirchstrasse 20 <sup>1</sup>	Commercial property	15 107 000
Grancia, Via Cantonale	Commercial property	81 009 000
Lucerne, Luzernerstrasse 86, 88	Commercial property	22 290 000
Neuchâtel, Avenue J.-J. Rousseau 7 <sup>1</sup>	Commercial property	8 151 000
Oberbüren, Buchental 4 <sup>1</sup>	Commercial property	28 191 000
Schwyz, Oberer Steisteg 18, 20 <sup>1</sup>	Commercial property	9 473 000
Solothurn, Hauptgasse 59	Commercial property	19 716 000
St. Gallen, Rorschacher Strasse 63	Commercial property	9 122 000
Steinhausen, Chollerstrasse 21, 23	Commercial property	25 113 000
Thun, Bälliz 7	Commercial property	11 362 000
Winterthur, Marktgasse 3	Commercial property	20 961 000
Winterthur, Rudolf Diesel Strasse 20	Commercial property	53 845 000
<b>Total</b>		<b>346 444 000</b>

1) Approved related-party transaction

Sales	Type of building	Fair value
None		

## Tenants accounting for more than 5% of rental income

Tenant	Property location	Share of rental income in %
Coop Genossenschaft	Grancia, Lucerne, Oberbüren	16.03%
C&A Mode AG	Grancia, Solothurn	6.98%
Media Markt Schweiz AG	Grancia, Winterthur (Rudolf Diesel Strasse 20)	6.09%
H&M	Grancia, Winterthur (Marktgasse 3)	5.86%

# Transactions with related parties

In application of Art. 63 para. 2 and 4 CISA in conjunction with Art. 32a CISO, FINMA approved an exemption to the prohibition on transactions with related parties in relation to the transfer of a portfolio containing seven properties as part of the launch of a real estate fund. The relevant properties can be seen in the overview «Purchases and sales of properties» on page 21. The fund management company confirms that all other transactions with related parties were carried out under market conditions.

## Information on matters of particular economic or legal significance

### Amendments to the fund contract

The following changes to the fund contract were made in the reporting period and published on the electronic platform «www.swissfunddata.ch», the official publication of the real estate fund.

Publication on 25 January 2022 and FINMA approval with decree of 2 March 2022:

- Expansion of the investor base to include qualified investors resident outside Switzerland.
- Expansion of the investor base to include private clients pursuant to Art. 10 para. 3ter CISA.

Publication on 14 June and 8 July 2022 and FINMA approval with decree of 20 July 2022:

- Changes to the fees of the fund management company: For its work in connection with the construction of buildings, renovation and modifications, a commission totalling a maximum of 9% of the construction costs can now be charged if no third parties are engaged for these services. This maximum commission covers all fund management activities in the areas of project development, construction management and supervision, and owner representation.
- Revision of fund documents in line with self-regulation adapted to FinSA/FinIA (AMAS model documents).

### Material questions concerning the interpretation of laws and the fund contract

Deviation from the investment policy guidelines as at 30 September 2022:

Investment name	Quantity	Nominal value	Requirement	Reason for investment
Registered shares in Parking AG Solothurn	147	CHF 500	Under the investment guidelines, investments in equities that are not traded on an exchange or another regulated market open to the public are not permitted.	Mandatory purchase based on an order by the City of Solothurn. When acquiring properties in the car-free old town of Solothurn, buyers are required to purchase shares in Parking AG Solothurn. The size of the required holding depends on the number of parking spaces needed for the property in question.

#### **Information on changes of fund management company or custodian bank**

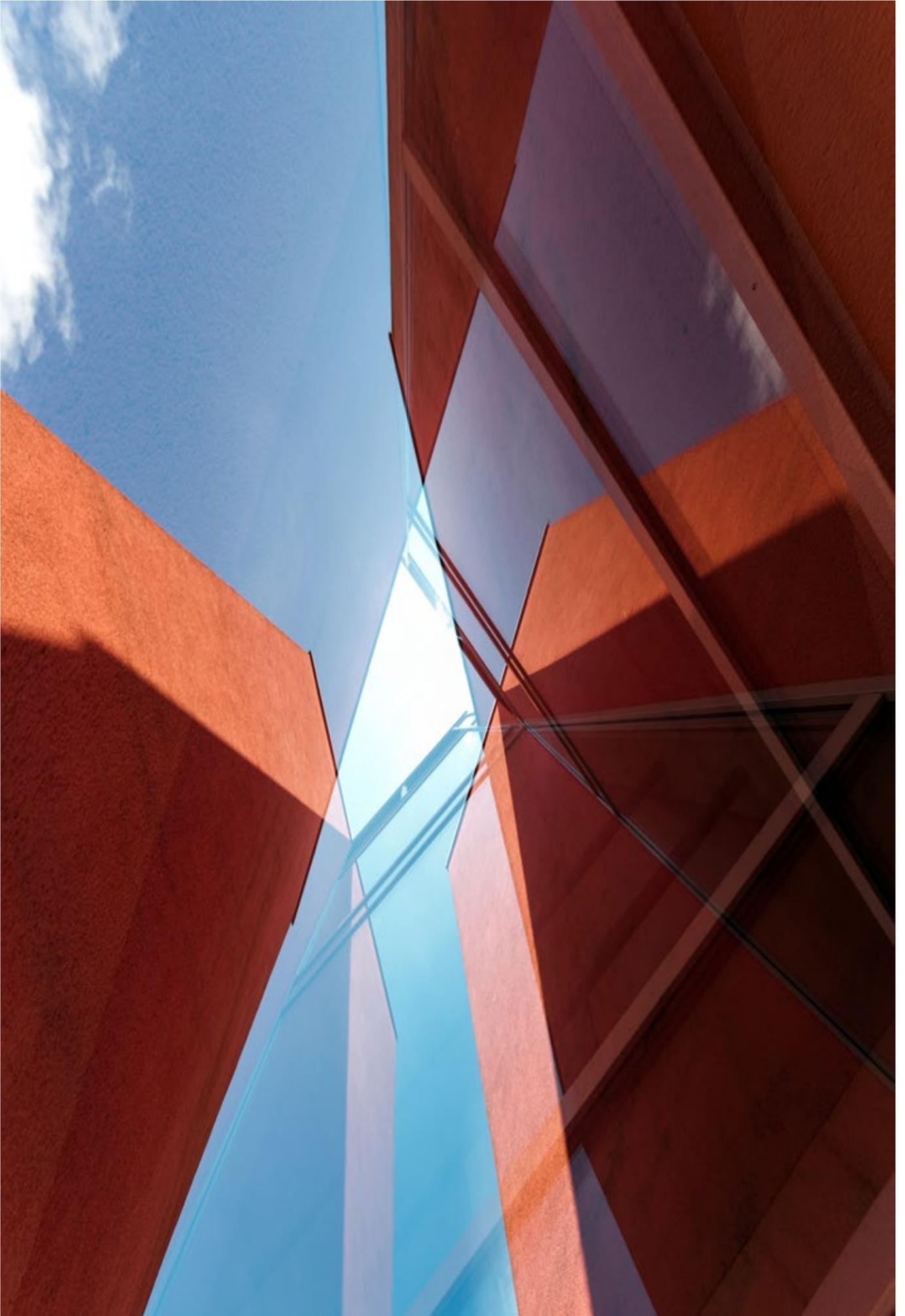
Neither the fund management company nor the custodian bank were changed during the reporting period.

#### **Changes to the executive management of the fund management company**

- Marcel Hug left the Management Board of Swiss Prime Site Solutions on 30 June 2022.
- Jerome Pluznik joined the Management Board of Swiss Prime Site Solutions on 1 August 2022 as Head Legal & Compliance.
- Patrick Mandlehr joined the Management Board of Swiss Prime Site Solutions on 1 August 2022 as Chief Investment Officer for the Akara Swiss Diversity Property Fund PK.

#### **Information on legal disputes**

There are no material pending legal disputes.



# Valuation report



*PricewaterhouseCoopers AG  
Birchstrasse 160  
8050 Zurich  
Phone: +41 58 792 44 00  
www.pwc.ch*

Swiss Prime Site Solutions AG  
SPSS IF Commercial  
Alpenstrasse 15  
6300 Zug

30 September 2022

## **Market value of the properties as of 30 September 2022**

### **Background and Mandate**

On behalf of Swiss Prime Site Solutions AG, all investment properties of the Swiss Prime Site Solutions Investment Fund (SPSS IF) Commercial (hereinafter «SPSS IF Commercial») have been valued by the Real Estate Advisory Team of PricewaterhouseCoopers AG for financial reporting purposes as of 30 September 2022.

### **Valuation Standards and Principles**

The valuations comply with the requirements of the Collective Investment Schemes Act (CISA), the Ordinance on Collective Investment Schemes (CISO) as well as the guidelines of the Asset Management Association and are in line with the best practice guidelines of the International Valuation Standards (IVSC), the Swiss Valuation Standard (SVS) and the guidelines of the Royal Institution of Chartered Surveyors (RICS). The concept of best possible use has not been applied.

In accordance with the market value definitions of IVSC, SVS and RICS, market value is defined as follows: "Market value is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Each property is valued individually and not as part of the portfolio. The property value is determined based on observable market parameters. In accordance with valuation practice in Switzerland, costs and taxes which may be incurred by the owner but are not directly related to the property (financing and disposal costs, value added tax, etc.), are not taken into account.

The valuation is based on current information regarding the properties and the real estate market. Documents and data concerning the properties have been provided by the client. The accuracy of these documents is assumed. The properties are surveyed as part of the valuation process at least every three years and for the purpose of an acquisition or following a renovation.

### **Assessment Methodology**

The property values are determined using the discounted cash flow method (DCF method). For this purpose, the expected annual net cash flows, i.e. the cash flows effectively at the owner's free disposal, are forecasted over an observation period of ten years. The remaining useful life is represented by extrapolating the cash flow of a representative year (exit year). The individual cash flows are discounted to the present value and added up. The sum of the present values corresponds to the market value.

The discount rate applied reflects the market-based, risk-adjusted opportunity costs of the investment in the property and is determined using the build-up-method. The base discount rate refers to the long-term yield forecast for 10-year federal bonds and is supplemented by a premium to reflect the general illiquidity of property investments. Further property specific premiums for location, use and other property related risks are taken into account on a per property basis. The capitalization rate is adjusted for inflation-related cash flow growth from year eleven. The long-term inflation assumption is 1.00%.



The modelling of the expected net cash flows considers indexation and payments according to the current tenancies. After the expiration of current tenancies, rental income is estimated based on comparable values observable on the market. The operating costs incurred by the owner are recorded based on historical property data and comparable values observable on the market. For maintenance costs incurred by the owner, the remaining useful life and the investment sum of the individual building components are determined based on a condition analysis. On this basis, a periodic renewal and an annual maintenance payment are derived, which are compared to market benchmarks.

### Valuation Result

As of the valuation date, a total of 16 properties are in the SPSS IF Commercial portfolio. All 16 properties were acquired during the reporting period from 17 December 2021 to 30 September 2022. No properties were sold during the same period. All 16 properties were inspected.

For the properties valued by PwC, the average real discount rate weighted by market values is 3.48% as of 30 September 2022. The average capitalisation rate weighted by market values is also 3.48% as of 30 September 2022.

Based on the above, the market value of the SPSS IF Commercial portfolio as of 30 September 2022 is valued at CHF 346'444'000 by the Real Estate Advisory Team of PricewaterhouseCoopers AG.

Portfolio	Number of properties	Market value (CHF)	Weighted discount rate (real)	Weighted capitalisation rate (real)
SPSS IF Commercial	16	346'444'000	3.48%	3.48%

### Independence

In accordance with the corporate policy of PricewaterhouseCoopers AG, the real estate portfolio has been valued independently and impartially. The valuation shall serve the purpose stated above. No liability is assumed towards third parties.

PricewaterhouseCoopers AG  
Real Estate Advisory

Dr. Marc Schmidli, CFA  
Partner

Laura Blaufuss MRICS  
Senior Manager

# Auditor's report



**KPMG AG**  
Badenerstrasse 172  
PO Box  
CH-8036 Zurich  
  
+41 58 249 31 31  
www.kpmg.ch

Short form report of the audit company for collective investment schemes to the Board of Directors of the Fund Management Company on the financial statements of

## **Swiss Prime Site Solutions Investment Fund (SPSS IF) Commercial**

---

### **Report of the audit company for collective investment schemes on the financial statements**

As audit company for collective investment schemes, we have audited the financial statements (pages 6-8 and 14-23) of the investment fund Swiss Prime Site Solutions Investment Fund (SPSS IF) Commercial which comprise the statement of net assets and the income statement, the statement of the appropriation of available earnings and the disclosure of the total costs as well as the supplemental disclosures in accordance with article 89 paragraph 1 lit. b–h and article 90 of the Swiss Collective Investment Schemes Act (CISA) for the period from 17 December 2021 to 30 September 2022.

### **Responsibility of the Fund Management Company's Board of Directors**

The Board of Directors of the Fund Management Company is responsible for the preparation of the financial statements in accordance with the requirements of the Swiss Collective Investment Schemes Act, the related ordinances as well as the prospectus with integrated fund contract. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors of the Fund Management Company is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Responsibility of the Audit Company for Collective Investment Schemes**

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

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



### **Opinion**

In our opinion, the financial statements for the year ended on 30 September 2022 comply with the Swiss Collective Investment Schemes Act, the related ordinances as well as the prospectus with integrated fund contract.

### **Report on other legal requirements**

We confirm that we meet the legal requirements on licensing as well as on independence according to the Auditor Oversight Act and that there are no circumstances incompatible with our independence.

KPMG AG

Jakub Pesek  
Licensed Audit Expert  
Auditor in Charge

Michael Stamm  
Licensed Audit Expert

The German version of the financial statements has been audited by the audit company. Therefore, it is the only version that the short form report of the audit company refers to.

Zurich, 11 November 2022

## **About Swiss Prime Site Solutions**

Swiss Prime Site Solutions develops tailored services and investment products for clients in the real estate sector. We have some CHF 7.0 billion in assets under management and a development pipeline of over CHF 800 million. As an asset manager, our objective is to earn solid and attractive returns at low risk, whatever the investment environment. Swiss Prime Site Solutions is a group company of Swiss Prime Site and has been approved as a fund manager by FINMA.

## **Contact**

Swiss Prime Site Solutions AG

Alpenstrasse 15

CH-6300 Zug

Phone +41 58 317 17 17

info@sps.swiss

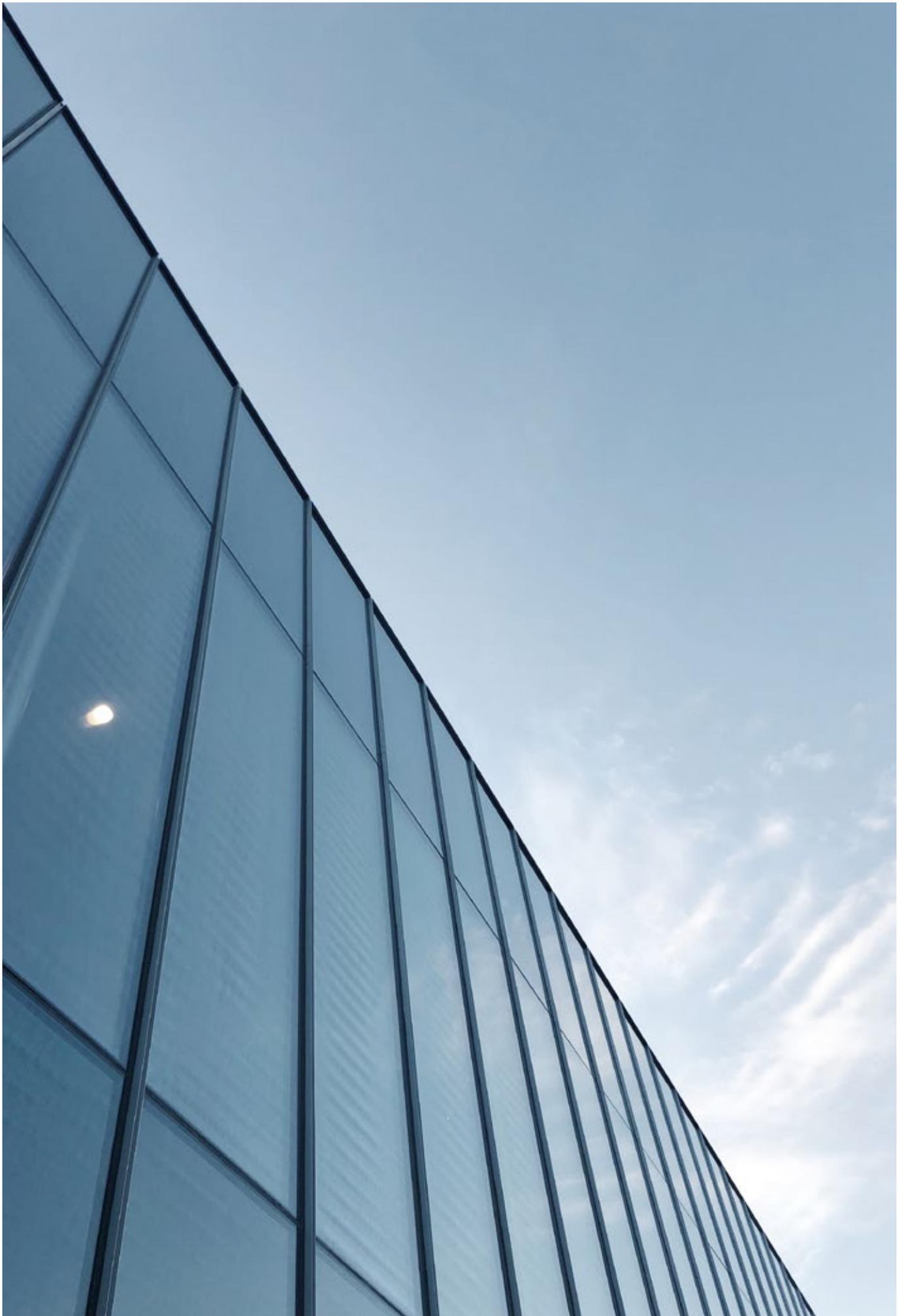
## **DISCLAIMER**

This document constitutes neither a brochure nor an offer or recommendation to purchase or subscribe for units in the described fund or in any other fund or financial instrument. In particular, this document is no substitute for the recipient carrying out their own assessment of the information contained in it, with the help of a professional advisor if necessary, and of the legal, regulatory, tax and other consequences in relation to their own personal circumstances. This document has been prepared by Swiss Prime Site Solutions AG with utmost care and to the best of its knowledge and belief. Nevertheless, Swiss Prime Site Solutions AG does not guarantee that the content is accurate or complete. Furthermore, it assumes no liability whatsoever for any losses resulting from use of the information. In particular, Swiss Prime Site Solutions AG points out that past performance is not a reliable indicator of current and future results. The performance data contained in this document does not take into account the commissions and fees charged for issuing and redeeming fund units.

The total expense ratio (TER) expresses the total commissions and fees charged on an ongoing basis against the average fund assets (operating expenses). The amount of the TER stated in this document should not be construed as a guarantee of a corresponding amount in the future. Key investor information is included in the current fund contract and annex. These can be obtained free of charge from Swiss Prime Site Solutions AG (fund manager) and Banque Cantonale Vaudoise (custodian bank) and/or consulted at [www.swissfunddata.ch](http://www.swissfunddata.ch).

This document is intended solely for distribution in Switzerland and is aimed exclusively at qualified investors within the meaning of the Swiss Collective Investment Schemes Act (CISA) and the related ordinance. It is expressly not intended for persons in other countries or for persons who, due to their nationality or residency status, are prohibited from accessing such information under the applicable laws.

This document and the information contained in it may not be distributed to and/or shared with persons who may qualify as a US person under the applicable legal and regulatory definitions (e.g. US Securities Act, US Internal Revenue Code).





Swiss Prime Site  
Solutions REAL ESTATE  
ASSET MANAGERS

**Swiss Prime Site Solutions AG**

Alpenstrasse 15  
CH-6300 Zug  
Phone +41 58 317 17 17  
[info@sps.swiss](mailto:info@sps.swiss)