

**Commentary
on the portfolio**

The overall value of the portfolio declined from CHF 1 065 million to CHF 849 million during the reporting period, representing a reduction of CHF 216 million. Investments of CHF 38 million were offset by disposals of CHF 242 million and negative market value adjustments of CHF 14 million, while positive foreign exchange translation effects amounted to CHF 2 million.

Eight properties were sold during the reporting period, three in Switzerland, one in France and two each in Germany and the Netherlands. As a result the proportion of logistics properties fell from 3% to 2% of the portfolio and the proportion of retail properties declined from 6% to 5%. At the same time the share of office properties rose from 91% of the portfolio as of 31 March 2013 to 93% as of 30 September 2013. The non-strategic portfolio was successfully reduced from 14% of the overall portfolio to 12% in the first semester of 2013/14.

Three properties are still being wholly or partly renovated: the property in Berne in Switzerland and two properties in Paris. The work in Berne is due to be completed in November 2013. The two Parisian properties, Chaganne and Newtime, are scheduled for completion in the spring of 2014. The property "Imagine" in Paris has been successfully renovated.

Annual rental income stood at CHF 40.4 million as of 30 September 2013. The vacancy rate rose from 10.5% to 17.1% during the reporting period. This increase is largely the result of the re-integration of the property "Imagine" in Paris, whose renovation has now been completed and which is currently only 22% let. The remaining properties under renovation are not included in this figure.