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COMPANY

Board of Directors

Daniel Heine – President of the Board of Directors
Christoph Syz – Delegate of the Board of Directors
Ulrich Burkhard – Member of the Board of Directors
Arne Kirchner – Member of the Board of Directors
Nicolas Leuba – Member of the Board of Directors

Headquarters

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Management

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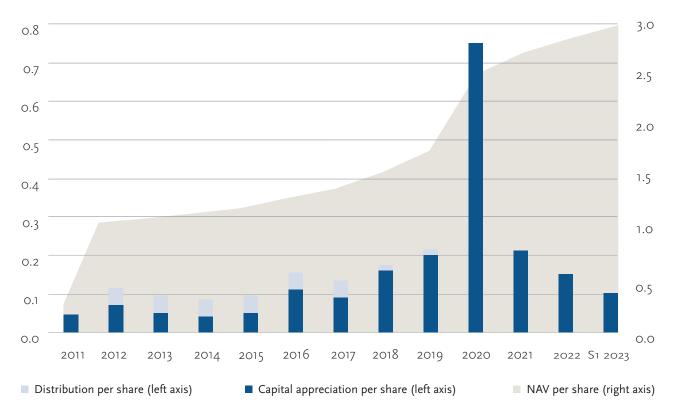
KEY FIGURES

Investment Properties Value CHF 256.5 M	Number of Properties 10	Rental Area 89'679
NAV	Debt Ratio	WAULT
CHF 2.977	46.97%	6.69 years

CHF	HY 2023	FY 2022
OPERATING INCOME	5'990'478	5'225'791
PROPERTY EXPENSES	1'827'220	1'590'449
NET OPERATING INCOME (NOI)	4'163'258	3'635'342
OTHER EXPENSES	1'049'892	735'127
EBIT	3'113'366	2'900'215
RESULT FROM REVALUATION	3'325'114	-
PROFIT FOR THE PERIOD	3'932'628	1'708'203
NAV PER SHARE AFTER DEFERRED TAXES	2.977	2.771

TRACK RECORD - NAV

EVOLUTION SINCE FOUNDATION



The compounded total annual return since inception (2010 – S1 2023) amounts to 9.12%.

MANAGEMENT REPORT

The first half of 2023 has been an eventful period for Patrimonium Urban Opportunity Ltd. ("PATURBO" or the "Company"). Despite the challenges posed by the global economic land-scape, PATURBO has maintained steady growth and delivered satisfactory returns to investors. This report highlights the company's market performance, portfolio management, financial results, and outlines our future strategies.

Market overview

The commercial real estate market in Switzerland has remained resilient despite the uncertainties brought on by recent interest rate hikes and inflation. The demand for prime office spaces, industrial facilities, and logistics surfaces has remained strong, supported by a stable economy and a robust business environment.

Evolution of the company's operations

The portfolio currently consists of 10 properties, a land plot, and a construction project. At the beginning of the year, Patrimonium Urban Opportunity Ltd. was able to further expand its asset base by acquiring buildings in Reinach Kägenstrasse 12/14 (BL).

Furthermore, on the 30th of June 2023 the merger between Patrimonium Urban Opportunity SA and its subsidiary Protir SA was closed. The goal of the merger is to streamline operations and to improve efficiency. The operation created a merger deficit which was offset within the shareholder's equity (Swiss Gaap FER accounts) and compares, without negative NAV impact, with the 2022 financial statements.

Nevertheless, investments of CHF 15.3 million were made in the reporting period. The amount invested in the acquisition of the building in Reinach (CHF 10.9 million), as well as its renovation. The remaining amount was spent on the ongoing project in La Voie-Creuse in Geneva (CHF 2.1 million) and in the development project in Bussigny, Chemin de Mochettaz 7 (CHF 2.2 million). The properties in Reinach (CHF 2.4 million) and Mochettaz 7 (CHF 0.9 million) benefited from a revaluation gain of CHF 3.3 million.

At the end of the period under review, investment properties amount to CHF 256.5 million (31.12.2022: CHF 237.9 million).

At year-end, based on market values, the allocation structure is as follows: office properties represent 52.8% of the portfolio, retail properties 19.6%, and industrial properties 27.6%.

The weighted average unexpired lease term (WAULT) reached 6.69 years at the end of June 2023 (31.12.2022: 6.51 years). WAULT for the 10 main tenants increased to 7.32 years (31.12.2022: 7.01 years).

We managed to further diversify the tenant base of the portfolio in the last 6 months. The 10 major tenants contribute 63.4% of total income. We have diligently negotiated and finalized additional long-term rental contracts for our Geneva (GE), Bussigny (VD) and Reinach (BL) properties. Our vacancy rate increased to 7.54%, up from 6.11% as of the 31st of December 2022. This increase is primarily due to the acquisition of the Reinach building, which initially was almost entirely vacant but is now 51% occupied.

Property acquisitions and disposals

Reinach - Kägenstrasse 12/14

At the beginning of the year the company made an opportunistic investment and acquired the property in Reinach Kägenstrasse 12/14. The property consists of a warehouse (Kägenstrasse 12) and an adjacent office and production building (Kägenstrasse 14). At the time of the acquisition, the property was almost entirely vacant as the seller, which was also the former occupier, left the premises. In order to find tenants for the vacant surfaces, some minor renovation works were undertaken. The warehouse was emptied of the former tenant's installations and the old piping system was removed. The electric wiring, the heating system, the cranes, and the platforms were refreshed. Moreover, a new tea kitchen and a small office was accommodated. After completion of the refurbishment works, the warehouse was let to a metal broker. The metal broker is a well-known company in the region and active in its field since more than 100 years. The tenant installed a new high bay warehouse and further refurbished the floors of the offices at his expense.

The building at Kägenstrasse 14 hosts office surfaces in the 2 top floors, production surfaces in the basement and the first floor and surfaces for storage in the 2 underground floors.

During the refurbishment program, the delivery ramps were optimized and a new elevator for goods installed. Moreover, in the underground floors, the electrical circuits were separated and separating walls erected in the perspective to sub-divide the rental surfaces to accommodate various tenants. These works allowed the letting of several surfaces in the building.

There were no disposals in the reporting period.

Renovations

Bussigny - Chemin de la Rente 24/26

The building in Bussigny Chemin de la Rente 24/26 had been bought with the goal to accommodate the high school of Bussigny (which opened in August 2021) and the nursery and a collective after-school care of the municipality of Bussigny (which opened in August 2022). To accommodate these tenants, the building was renovated extensively in the past years. In the reporting period, the landscaping works have been completed. Furthermore, the electric wiring system of the building has been updated. In autumn 2023, minor works in the parking deck will be performed. With this the refurbishment programme of the building will be completed by the end of the year.

Genève - La Voie-Creuse 166

At acquisition, large parts of the building were vacant. We decided to reposition the building through an extensive renovation. Renovation works started at the beginning of 2021 to improve the comfort and the attractiveness of the building. The renovation program consisted of bringing the various rental spaces and common areas up to current standards of comfort, especially in terms of heating and cooling. Solar panels were installed on the roof of the building in order to refresh the office premises with green energy.

In the reporting period, unused premises in the first underground floor were renovated and brought up to the latest fire safety standards. These works enable activating these surfaces as lettable surfaces and to accommodate new tenants. Moreover, plans have been made to redesign the former salt depot in the second underground floor of the building. The works are expected to start in autumn 2023 with the goal to gain additional rental surfaces.

Development projects

Bussigny - Chemin de Mochettaz 7

Patrimonium Urban Opportunity Ltd is constructing a project at Chemin de Mochettaz 7 in Bussigny. The plot is located in the industrial zone of Bussigny, next to the train station.

The construction is ahead of schedule. The building should be delivered 2 months before the agreed completion date. The new completion date will be on the 1st of May 2024. Additionally, an extension of the photovoltaic panels on the roof of Mochettaz 7 and the neighbouring building of Mochettaz 5 has been ordered. The goal is to improve energy efficiency, sustainability of the current building and create add-on returns for our investors.

Glattbrugg, Thurgauerstr. 101

The company is in possession of a valid building permit for 140 flats and 14'998 m² of commercial space at Thurgauerstr. 101 in Glattbrugg. The entire site is currently rented to RRG Schweiz AG. Despite long and intense negotiations, the management team was not able to convince the tenant to vacate the site. As long as the tenant does not release the site, the development project cannot start. The company can apply for the start of the construction until the expiry of the building permit, which is on the 14th of March 2024 at the latest. If no agreement will be reached with the tenant by then, the building permit will expire. To be on the prudent side, the Company has written off all the development costs in relation with this project.

Financing and shareholder's equity

On the 30^{th} of June 2023, our bank loans amounted to CHF 122.4 million (31.12.2022: CHF 111.0 million). The debt ratio increased to 46.97% (31.12.2022: 44.96%), due to the financing of the acquisition of Reinach with CHF 12.0 million of debt. The weighted average interest rate rose to 2.16% per the 30^{th} of June 2023 (31.12.2022: 1.73%), due to the increase of the SARON rates. The proportion of fixed rate loans amounts to 65%, as the company entered three forward contracts of CHF 11 million each starting in May 2023 and maturing respectively in May 2026, May 2027, and May 2028. The forward rates range between 2.23% and 2.53%. Including these forward contracts, the average maturity of our debt amounts to 3.6 years.

Patrimonium Urban Opportunity Ltd share capital is set at CHF 38'101'266 per the 30th of June 2023 (no change compared to 31.12.2022). The net asset value of PATURBO per the 30th of June 2023 is CHF 113'441'744 (31.12.2022: CHF 109'509'116).

Evolution of rental income and expenses

During the first semester 2023, the company's income statement demonstrates a healthy growth, positively impacting net operating income (NOI) which rose from CHF 3'635'342 in the first half of 2022 to CHF 4'163'258 as at the 30th of June 2023. This represents an increase of 14.5%. Rental income was also impacted, amounting to CHF 5'990'478, equivalent to an increase of 14.6% compared with the first half of 2022 (CHF 5'225'791). Target rental income increased in total by over 11.12%, rising from CHF 12'753'949 on the 31st of December 2022 to CHF 14'177'791 on the 30th of June 2023. This increase is mainly due to the acquisition of Reinach. Additionally, at the beginning of 2023, the management team adapted various rental contracts to the current inflation index and increased the rental income by CHF 296'949.

Furthermore, management team signed or prolonged various additional rental contracts for roughly 8'000m² of surfaces.

In Geneva Voie Creuse 16, a major tenant extended the rental contract for 10 more years for their office premises of 1'383 m² on the 3rd floor. Furthermore, they prolonged their warehouse surfaces of 1'535 m² in the underground floors for 5 more years.

For the building under construction at Chemin de Mochettaz 7 in Bussigny, a 10-year lease with a major carpenter of the region for 800 m^2 of surface has been signed in the reporting period. Additionally, the management convinced a current tenant to prolong his contract by another 4 years to a total maturity of 14 years.

In our property in Urdorf, the main tenant has returned some of his office-surfaces of roughly 900 m², as well as 48 parking spaces according to his current rental agreement. In parallel, the management team relet most of these surfaces and parking spots, resulting in little additional vacancy.

In Reinach Kägenstrasse 12/14 a major metal broker rented the entire warehouse (2'510 m²) for 17 years. The lease started on the 1st of July 2023. Furthermore, we rented out 745 m² of storage facilities to a well-known photovoltaic company. The rental contract started on the 1st of June 2023. Lastly, lease contracts for in total 1'920 m² of surfaces were signed with a restaurant, a dance school and two furniture companies. With these lettings the building in Reinach has now an occupancy rate of 51%.

Operating expenses include "property expenses" and "other operating expenses". Property expenses increased to CHF 1'827'220 during the period under review compared to CHF 1'590'449 for the 1st semester 2022. The costs increased due to the increase of the leasing fee in relation with the successful negotiation and conclusion of the long-term lease agreement with the Canton of Vaud (high school). From the 1st of January 2023 the amortization period of the leasing fee has been reduced from 10 years to 5 years according to Swiss Gaap FER. The second reason for the cost increase is the maintenance costs of the newly acquired building in Reinach. Other operating expenses increased to CHF 1'049'892 compared to CHF 735'127 for the period from January to June 2022 due to the increase in Management fees.

The operating margin (EBIT) for the 1st semester 2023 reached CHF 3.1 million without revaluation of investment properties. In the period under review, no properties have been revaluated.

The net income for the period under review adds up to CHF 3'932'628, while the net income of the 1st semester 2022 amounted to CHF 1'708'203.

Evolution of market values

All properties were evaluated on the 31st of December 2022 by the independent appraiser Wüest Partner AG. The property valuations are updated once a year on the 31st of December. The discount rates used in the appraiser's valuations on the 31st of December 2022 for the investment properties range from 3.1% to 3.4% in real terms for the reporting year 2022. The properties were evaluated on a going-concern basis. No development potential has been considered in the valuations.

The total value of the properties as of the 30th of June 2023 totals 256.5 million, an increase of CHF 18.6 million compared to the 31st of December 2022. The change in value relates to the activations of renovation, construction costs and the acquisition of the property in Reinach.

Outlook & strategy

Looking ahead, we remain cautiously optimistic about the commercial real estate market in Switzerland. Economic indicators suggest continued stability and growth potential. The company's strategy for the second half of 2023 includes portfolio optimization and maintaining a strong focus on tenant satisfaction and retention. Moreover, the management team will continue its letting offensive to rent out the remaining vacant surfaces mainly in Reinach and Crissier. Last but not least, the management will continue its studies to unlock the potential of the portfolio by further advancing the projects under development.

In conclusion, the first half of 2023 has been a successful period for Patrimonium Urban Opportunity Ltd. The company's prudent investment decisions, active asset management, and strong risk management efforts have contributed to its continued growth and success. As we move forward, we will continue to leverage market opportunities, deliver value to investors, and uphold our commitment to responsible and sustainable real estate investment practices.

We would like to extend our gratitude to our investors, partners, and stakeholders for their continued support. We look forward to delivering favourable results in the second half of 2023.

Sincerely,

Christoph Syz, Board Delegate, Patrimonium Urban Opportunity Ltd Hanspeter Berchtold, CIO Real Estate, Patrimonium Asset Management Ltd

Jameste Bed told

PORTFOLIO

Patrimonium Urban Opportunity Ltd owns real estate properties in very well interconnected urban areas with high potential for development. The properties are located in 4 urban areas: Geneva, Lausanne, Basel and Zürich. These target regions benefit from attractive economic conditions, which give the necessary tailwind for a long-term sustainable development of the

portfolio. Thanks to their excellent accessibility, the plots will take advantage from the attractive long-term positioning. Patrimonium Urban Opportunity Ltd pursues a policy of opportunistic growth. The buildings are leased to various tenants on mid to long-term leases.



PLAN-LES-OUATES (GE) St-Julien 180



MEYRIN (GE) Mategnin 5



GENEVA (GE)
Voie-Creuse 16



CRISSIER (VD) Arc-en-Ciel 9



BUSSIGNY (VD) Chaux 3



BUSSIGNY (VD)



BUSSIGNY (VD) Rente 24/26



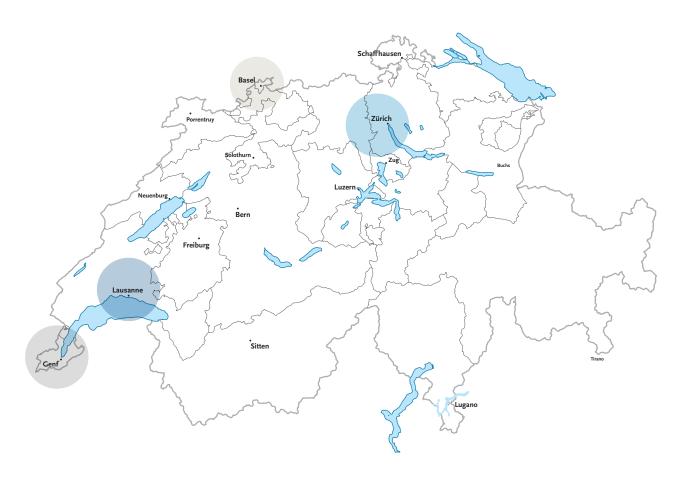
GLATTBRUGG (ZH) Thurgauerstrasse 101, 103



URDORF (ZH) Bergermoosstrasse 4



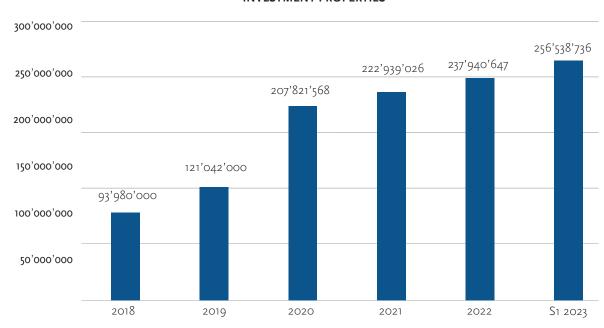
REINACH (BL) Kägenstrasse 12/14



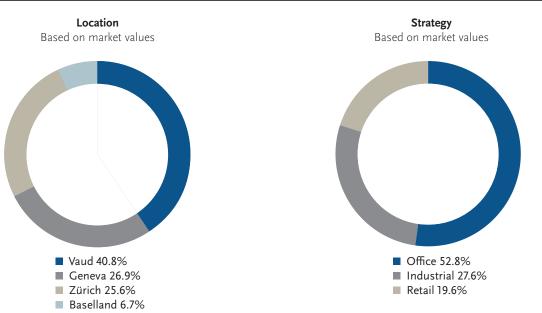
KEY FIGURES	30.06.2023	31.12.2022
NUMBER OF PROPERTIES	10	9
RENTAL AREA (M²)	89'679	78'276
TARGET RENTAL INCOME (CHF)	14'177'791	12'753'949
INVESTMENT PROPERTIES VALUE (CHF)	256'538'736	237'940'647
WAULT (YEARS)	6.69	6.51
VACANCY RATE AS OF CUT-OFF DAY RENT ROLL	7.54%	6.11%
PLOT AREA (M²)	142'609	134'823
RENT PER M ² (CHF)	147	163
NUMBER OF PARKING SPACES	2'009	1'933

Evolution market value in CHF

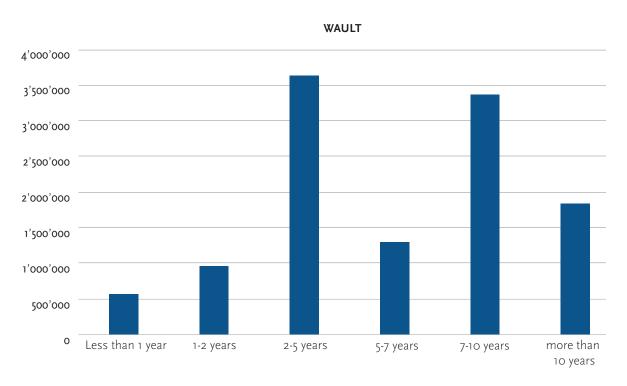
INVESTMENT PROPERTIES



Allocation of the portfolio



Lease terms - WAULT of the portfolio



The WAULT of the portfolio increased to 6.69 years on the 30^{th} of June 2023 (31.12.2022: 6.51 years).

Main tenants - 30.06.2023

NB.	City	Address	Tenant	Annual rent CHF	Maturity	% Total rent
1	Meyrin, Opfikon, Plan-les-Ouates	Avenue de Mategnin 5, Thurgauerstrasse 101/103, Route de St. Julien 180	Tenant 1	2'375'544	30/04/2028	17%
2	Bussigny	Chemin de la Rente 24/26	Tenant 2	1'771'572	31/08/2031	12%
3	Bussigny	Route de la Chaux 5	Tenant 3	982'596	31/12/2029	7%
4	Urdorf	Bergermoosstrasse 4	Tenant 4	836'712	30/04/2026	6%
5	Geneva	La Voie-Creuse 16	Tenant 5	703'380	01/06/2034	5%
6	Urdorf	Bergermoosstrasse 4	Tenant 6	560'916	30/04/2031	4%
7	Geneva	La Voie-Creuse 16	Tenant 7	485'100	30/12/2036	3%
8	Geneva	La Voie-Creuse 16	Tenant 8	404'570	31/01/2033	3%
9	Geneva	La Voie-Creuse 16	Tenant 9	356'268	31/03/2031	3%
10	Reinach	Kägenstrasse 12/14	Tenant 10	318'858	30/06/2040	2%

TOTAL ANNUAL RENT MAIN TENANTS	8'795'517	62.04%
TOTAL ANNUAL RENTS (TARGET)	14'177'791	
WAULT OF 10 MAIN TENANTS	7.32 years	

List of properties currently under development and undeveloped land

IN CHF	30.06.2023	31.12.2022
Chemin de Mochettaz 7, Bussigny	6'228'335	3'117'733
Avenue de l'Arc-en-Ciel 9, Crissier	24'026	24'026
Chemin de la Rente, Bussigny	2'290'553	2'279'000
Total properties under development	8'542'914	5'420'759

List of properties

City	Address	Canton	Form of ownership	Ownership share in %	Year of construction	Year of renovation
Glattbrugg	Thurgauerstrasse 103	Zurich	Sole ownership	100%	1971	2004
Urdorf	Bergermoosstrasse 4	Zurich	Sole ownership	100%	1973	2006
Meyrin	Avenue de Mategnin 3/5	Geneva	Sole ownership	100 %	1985	2004
Plan-les-Ouates	Route de Saint-Julien 180	Geneva	Sole ownership	100%	1970	2015
Crissier	Avenue de l'Arc-en-Ciel 9	Vaud	Sole ownership	100%	1973	-
Bussigny	Chaux 3 / Mochettaz 5	Vaud	Sole ownership	100%	1954	2010
Bussigny	Route de la Chaux 5	Vaud	Sole ownership	100%	1973	2012
Geneva	La Voie-Creuse 16	Geneva	Ground lease	100%	1967	2021
Bussigny	Chemin de la Rente 24/26	Vaud	Sole ownership	100%	2008	2021
Reinach	Kägenstrasse 12/14	Baselland	Sole ownership	100 %	1980, 1987	-

City	Address	Plot area (m²)	Rental area (m²)	Nb of parking spaces	Market value (CHF)	Target rental income (CHF)
Glattbrugg	Thurgauerstrasse 103	11'036	8'223	140	29'840'000	1'334'424
Urdorf	Bergermoosstrasse 4	28'586	10'948	898	35'875'131	1'397'629
Meyrin	Avenue de Mategnin 3/5	6'362	4'656	141	9'216'000	517'416
Plan-les-Ouates	Route de Saint-Julien 180	8'779	3'102	150	11′180′000	523'704
Crissier	Avenue de l'Arc-en-Ciel 9	24'389	16'613	187	27'020'000	1'614'204
Bussigny	Chaux 3 / Mochettaz 5	4'400	1'721	40	6'053'000	319'164
Bussigny	Route de la Chaux 5	9'663	6'520	65	20'460'000	982'596
Geneva	La Voie-Creuse 16	3'648	15'360	46	48'624'551	3'614'255
Bussigny	Chemin de la Rente 24/26	37'960	11'133	266	42'483'978	2'555'803
Reinach	Kägenstrasse 12/14	7'786	11'403	76	17'243'162	1'318'596
TOTAL		142'609	89'679	2'009	247'995'822	14'177'791

FINANCIAL STATEMENTS (SWISS GAAP FER)

Income Statement

IN CHF	NOTE	01.01.2023 - 30.06.2023 (unaudited)	01.01.2022 - 30.06.2022 (unaudited)
Rental income		5'951'941	5'198'441
Other operating income		38'537	27'350
Operating income	3.1	5'990'478	5'225'791
Revaluation of investment properties	4.5	3'325'114	-
Property expenses	3.2	-1'827'220	-1'590'449
Other operating expenses	3.3	-1'049'892	-735'127
Operating expenses		-2'877'112	-2'325'576
Operating income (EBIT)		6'438'480	2'900'215
Financial result	3.4	-1'180'146	-650'582
Income before tax (EBT)		5'258'334	2'249'633
Income tax expenses	3.5	-1'325'706	-541'430
NET INCOME		3'932'628	1'708'203
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Number of shares		38'101'266	38'101'266
Earning per share		0.10	0.04
Earning per share – diluted		0.10	0.04
NAV per share		2.977	2.771

Balance Sheet

IN CHF	NOTE	30.06.2023 (unaudited)	31.12.2022
Cash and cash equivalents	4.1	758'165	1'961'953
Trade receivables	4.2	772'940	838'788
Other receivables	4.3	658'101	908'002
Accrued income and prepaid expenses	4.4	1'886'589	2'183'502
Total current assets		4'075'795	5'892'245
Investment properties	4.5	256'538'736	237'940'646
Total non-current assets		256'538'736	237'940'646
TOTAL ASSETS		260'614'531	243'832'891
Current financial liabilities	4.6	2'765'000	1'640'000
Trade payables	4.7	1'322'878	2'020'967
Other current liabilities	4.8	550'845	366'373
Accrued expenses and deffered income	4.9	2'875'189	2'190'426
Total current liabilities		7'513'912	6'217'766
Non-current financial liabilities	4.6	119'645'000	109'398'000
Other non-current liabilities	4.10	400'000	400'000
Provisions	4.11	500'000	500'000
Deferred tax liabilities	4.12	19'113'875	17'808'009
Total non-current liabilites		139'658'875	128'106'009
Share capital		38'101'266	38'101'266
Capital reserves		-	9'219'355
Retained earnings		75'340'478	62'188'495
Shareholders' Equity	4.13	113'441'744	109'509'116
TOTAL LIABILITIES AND SHAREHOLDER	S' EQUITY	260'614'531	243'832'891

Statement of Cash Flows

IN CHF	NOTE	01.01.2023 - 30.06.2023	01.01.2022 - 30.06.2022
Net income		3'932'628	1'708'203
Change from revaluation of investment properties	4.5	-3'325'114	
Change in trade receivables		65'847	-146'184
Change in other receivables		249'902	-243'214
Change in accrued income and prepaid expenses		296'912	-382'330
Change in trade payables		-698'089	704'429
Change in other current liabilities		184'472	-345'325
Change in non-current liabilities		-	10'000
Change in deferred income tax liabilities	4.12	1'305'866	494'540
Change in accrued expenses and deferred income		684'763	-324'706
CASH FLOW FROM OPERATING ACTIVITIES		2'697'187	1'475'412
Investment in properties	4.5	-15'272'975	-4'319'339
CASH FLOW FROM INVESTING ACTIVITIES		-15'272'975	-4'319'339
Cash inflows/outflows from financial current liabilities (net)		1'125'000	-400'000
Cash inflows/outflows from financial non-current liabilities (net)	4.6	10'247'000	-250'000
CASH FLOW FROM FINANCING ACTIVITIES		11'372'000	-650'000
CHANGE IN CASH AND CASH EQUIVALENTS		-1'203'788	-3'493'925
Cash and cash equivalents at the beginning of the financial year		1'961'953	5'126'682
Cash and cash equivalents at the end of the financial year		758'165	1'632'757
CHANGE IN CASH AND CASH EQUIVALENTS		-1'203'788	-3'493'925

Statement of Changes in Equity

IN CHF	Share capital	Capital reserves	Retained earnings	Total shareholders' equity
Balance on 01.01.2022	38'101'266	9'219'355	56'552'703	103'873'324
Net income	-	-	5'635'791	5'635'791
Balance on 31.12.2022	38'101'266	9'219'355	62'188'494	109'509'115
Merger deficit	-	-	11'689'965	11'689'965
Capital increase (PROTIR) compensation	-	-9'219'355	9'219'355	-
Goodwill compensation	-	-	-11'689'964	-11'689'964
Net income	-	-	3'932'628	3'932'628
Balance on 30.06.2023	38'101'266		75'340'478	113'441'744

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Patrimonium Urban Opportunity LTD (PATURBO, the "Company") operates in Switzerland. The purpose of the company is to purchase, sell, lease, and manage real estate in Switzerland.

The Company is a limited company incorporated and domiciled in Switzerland.

The registered office is located at Chemin des Lentillières 15,1023 Crissier since the 10^{th} of October 2022.

On the 9th of June 2023 Patrimonium Urban Opportunity Ltd took over the asset's liabilities of its fully owned subsidiary PROTIR Ltd. This takeover was enacted retroactively, starting from the 1st of January 2023, as part of a simplified merger between the two companies.

The merger that took place as of the 1st of January 2023 resulted in a merger deficit totalling CHF 11'689'964 (statutory accounts). This merger deficit was offset within the shareholder's equity (Swiss Gaap FER accounts) and compares, without negative NAV impact, with the 2022 financial statements.

The company is listed on the stock exchange BX Swiss AG since the 18th of June 2022.

2. Accounting Principles – Significant accounting policies

2.1. General

These financial statements provide a true and fair view of PATURBO assets, financial position, and earnings, and have been drawn up in accordance with all the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER.

The financial statements are prepared in accordance with uniform corporate accounting principles and have been prepared based on the historical cost principle, except for the investment properties which are measured at market value.

The preparation of the financial statements in accordance with Swiss GAAP FER requires management to make evaluations, estimates and assumptions that affect the items in the financial statements as of the balance sheet date. These evaluations, estimates and assumptions are based on historical values, future expectations and other factors that are considered adequate under the given conditions. The actual results may deviate from these estimates. Estimates and underlying assumptions are subject to continuous assessment. Changes to estimates that affect the financial statements are included in the reporting period in which the estimate was revised, as well as in future reporting periods if the latter is affected by the revised estimates.

The reporting currency is the Swiss franc (CHF). The financial statements are based on the going concern principle.

2.2. Segment information

The Company's business operations are limited to one segment

(real estate investment properties). It also operates only in the Swiss market. Therefore, no further segment information is presented.

2.3. Rental income

Income reported from real estate operations is comprised exclusively of rental income after consideration of vacancies. Rental income is based on leases and is recognised on an accrual basis over the period in which the service is provided.

2.4. Other operating income

Other operating income consists of recharged costs such as for heating and maintenance or energy and water costs as well as income from other services.

2.5. Property expenses

Property expenses contain expenses which are directly related to individual properties. They include maintenance and renovation, administrative expenses, insurance premium, property taxes and other fees, which cannot be charged to the tenants.

2.6. Other operating expenses

Other operating expenses are related to the general administration of the business. They consist of i.e. audit fees, legal and consultancy fees as well as management fees.

2.7. Financial result

The item consists of the net result of interest income deducted by the interest expenses for mortgages and loans as well as other financing fees and charges. Further, the costs relative to the initial public offering are also presented in the financial result.

2.8. Income tax expense

Current income taxes are calculated based on the taxable income of the year and are recorded in the income statement. Deferred income taxes are calculated using the balance sheet liability method. Temporary differences arise from divergences between the book value of assets and liabilities for financial reporting purposes and the value used for tax purposes. Deferred tax is calculated using tax rates enacted or substantially enacted on the balance sheet date and will be offset in future tax periods. Deferred income tax assets are capitalized only to the extent that it is probable that they will be realized in the future. No deferred income tax asset on taxable losses carried forward are recognised.

2.9. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and are recorded at nominal value.

2.10. Receivables

Trade receivables are recognised and carried at the original net invoice amount less the necessary value adjustments for trade receivables at risk. Other receivables consist mainly of current accounts and deposits valued at nominal value. Allowances for doubtful receivables are established individually based on the maturity structure and identifiable solvency risks.

2.11. Accrued income and prepaid expenses

Prepaid expenses include expenses paid in advance for the following reporting period. In addition, accrued income from the reporting period not invoiced yet at balance sheet date is included under this balance sheet position.

2.12. Financial assets

Financial assets include long-term loans and are recorded in the balance sheet at nominal value. Value adjustments are recognised according to the credit risk on an individual basis.

2.13. Investment properties and properties under development

Investment properties serve as long-term investment purposes and are measured at market value. The fair values of the investment properties are assessed annually by an external independent appraiser using the discounted cash flow method (DCF). The revaluation result for the period is recognised in the income statement whilst considering deferred income taxes. The investment properties are not depreciated.

The properties under development for own future long-term investment purposes are carried at cost less necessary value adjustments until the date when the market value can be reliably calculated. The conditions for making a reliable calculation are met when the building permission is granted, and an approved construction project exists for which costs, and income can be reliably determined and allocated. The expected outcome of new construction projects, which corresponds to the difference between the estimated completion value of the work by an external independent appraiser and the actual project costs, is evenly distributed over the duration of the project and integrated into the fixed assets each quarter. The principle of the lower of cost or market is applied if the expected outcome is negative.

The undeveloped land is revalued at fair market value.

The capex of the period are considered in addition of the market value as of the 31st of December 2022 as they are included in the discounted cash flow assessed by the real estate appraiser. Consequently, they will find their counterparty in the upcoming valuation.

2.14. Impairment

The recoverable amount of non-current assets valued at cost is reviewed at least once a year. If there is any indication of impairment, an impairment test is performed immediately. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the income statement.

2.15. Financial liabilities

Financial liabilities consist of loans from financial institutions and loans from third parties. They are carried at nominal value. Financial liabilities with a maturity date less than 365 days are presented as current financial liabilities.

2.16. Trade payables and other liabilities (current and non-current)

Trade payables and other liabilities are recognised at nominal value.

2.17. Accrued expenses and deferred income

Accrued expenses contain accruals for expenses related to the reporting period. Deferred income is rental income for the following period already paid by the tenants before balance sheet date.

2.18. Provisions

Provisions are obligations based on events in the past; their amount and/or due dates are uncertain but can be estimated. Provisions are reported as short-term or long-term according to their expected due dates.

2.19. Contingent liabilities

Possible liabilities whose occurrence as at the balance sheet date cannot be assessed, or liabilities for which the level cannot be reliably estimated, are disclosed in the notes as contingent liabilities

3. Notes to the income statement

3.1. Operating income

IN CHF	30.06.2023	30.06.2022
Rental income Geneva	1'622'147	1'225'001
Rental income Bussigny Rente 24/26	1'089'933	901'490
Rental income Urdorf	698'820	674'655
Rental income Glattbrugg	667'212	645'436
Rental income Crissier	644'686	630'262
Rental income Bussigny (La Chaux 3 and 5)	650'880	617'083
Rental income Plan les Ouates	261'852	254'754
Rental income Meyrin	258'708	249'761
Rental income Reinach	57'703	-
Other operating income	38'537	27'350
Operating income	5'990'478	5'225'791

The most significant changes in operating income are explained as follows:

- (i) Geneva: Mainly relocation of spaces to new tenants (+393 KCHF)
- (ii) Bussigny Rente 24/26: opening of the nursery (new tenant) from August 2022 (+85 KCHF) as well as the conclusion of numerous rent-free arrangements over the given timeframe (+85 KCHF)
- (iii) Reinach: purchase of the building as of the 1st of January 2023 (+58 KCHF)

The other operating income mainly corresponds to reinvoicing of expenses to tenants.

All revenues are generated in Switzerland.

3.2. Property expenses

IN CHF	30.06.2023	30.06.2022
Energy / water costs	427'897	413'235
Maintenance and renovation costs	387'554	316'062
Real estate agency fees	314'375	211'592
Property tax	196'525	209'231
Leasing fee (Bussigny Rente 24/26)	190'764	110'532
Insurance costs	103'579	73'701
Caretaker costs	89'923	145'963
Building lease costs	78'030	78'030
Other costs	38'573	32'103
Total property expenses	1'827'220	1'590'449

The purchase of the new building in Reinach in January 2023 generated, in the reporting period, a higher level of property costs (+163 KCHF including 47 KCHF of initial rental fees) as a counterparty of higher level of revenues.

A letting fee totaling 110 KCHF was recorded after finalizing new rental agreements during the period.

The leasing fee relates to the positive negotiation and successful conclusion of the long-term lease agreement with the tenant of the Bussigny college and is spread over the length of the lease (5 years in Swiss Gaap FER from 01.01.23 instead of 10 years in statutory accounts). The increase compared to the previous period is explained by the constriction of the amortization period as above mentioned (+80 KCHF).

The decrease in caretaker costs is explained by the booking of reception costs for the Geneva building until end of 2022 (-88 KCHF).

3.3. Other operating expenses

IN CHF	30.06.2023	30.06.2022
Management fees	901'850	537'040
Legal fees	49'394	58'190
Audit and consulting fees	44'272	42'810
VAT costs	29'321	76'200
Other operational costs	24'349	5'737
Valuation costs	15'000	15'150
Bad debt provision	-14'294	-
Total other operating expenses	1'049'892	735'127

The increase in management fees is linked to the change in management contract with the asset manager following the company's listing on the stock exchange starting from the 1st of July, 2022. Also, there is an increase in the assets under management due to the acquisition of a new property over the period under review (+60 KCHF). The bad debt provision allowance is explained under the note 4.2.

3.4. Financial result

IN CHF	30.06.2023	30.06.2022
Other financial income	13'665	-
Total financial income	13'665	-
Mortgage interests	1'188'440	646'913
Bank fees and charges	5'371	3'669
Total financial expenses	1'193'811	650'582
Total financial result	1'180'146	650'582

The increase in mortgage interests is due to (i) the increase in the drawdown of credit lines (+11'372 KCHF) and (ii) the increase in the weighted average interest rate over the period (2.16% in 2023 vs 1.73% in 2022, see note 4.6).

3.5. Income tax expense

IN CHF	30.06.2023	30.06.2022
Current income taxes	19'840	46'890
Deferred income taxes	1'305'866	494'540
Total income tax expense	1'325'706	541'430

The deferred income tax liabilities arise from the revaluation of the investment properties due to the application of Swiss GAAP FER. Positive valuation differences between market values and tax values as at the balance sheet date are reflected by the deferred tax liabilities. Deferred taxes on properties are generally calculated according to the tax rates applicable on the balance sheet date and the tax system applicable to the respective properties.

Deferred tax assets are assets that represent the future tax benefits that a company can use to reduce its taxable income in the future. The Company has decided not to recognize these assets in the financial statements for the year. The total of taxable losses not recognized amounts to 7'950 KCHF (2022: 6'413 KCHF).

4. Notes to the balance sheet

4.1. Cash and cash equivalents

IN CHF	30.06.2023	31.12.2022
Cash at banks	758'165	1'961'953
Total cash and cash equivalents	758'165	1'961'953

4.2. Trade receivables

IN CHF	30.06.2023	31.12.2022
Account receivables' gross	916'777	996'919
Bad debt allowances	-143'837	-158'131
Total trade receivables	772'940	838'788

Trade receivables consist only of third-party receivables (commercial and private tenants). The decrease in the position is mainly due to the variation in rental arrears from Bussigny college (26 KCHF; 2022: 275 KCHF) and to a lesser extent from Crissier (278 KCHF; 2022: 274 KCHF) despite an increase in rental arrears from Geneva (556 KCHF; 2022: 419 KCHF).

The bad debt provision is relative to Geneva (47 KCHF; 2022: 99 KCHF) and Crissier (97 KCHF; 2022: 59 KCHF).

4.3. Other receivables

IN CHF	30.06.2023	31.12.2022
Current account - Bussigny college	343'974	71'518
VAT receivables	209'408	441'801
Tax receivables	68'820	50'067
Other receivables	35'899	197'278
Current account with property managers		147'338
Total other receivables	658'101	908'002

Other short-term receivables mainly include (i) tax receivables for 344 KCHF, (ii) VAT receivable for 209 KCHF (in 2022, 308 KCHF of these receivables were relative to the input VAT on the down payment of the building in Reinach) and (iii) other receivables from property managers equal to 36 KCHF. The increase in tax receivables is mainly explained by the taxation of PROTIR Ltd during the first semester 2022 (+165 KCF). The decrease in property managers statement is mainly due to the collection of final statement amount and account receivables from the former property manager.

4.4. Accrued income and prepaid expenses

IN CHF	30.06.2023	31.12.2022
Leasing success fee	1'716'866	1'907'630
Accrued income from tenants	25'642	25'500
Prepaid expenses for heating and ancillary costs		109'595
Others	144'082	140'777
Total accrued income and prepaid expenses	1'886'589	2'183'502

The decrease in accrued income and prepaid expenses is mainly due to the amortization of the capitalized leasing success fee paid to a third-party company for the project Bussigny college. The leasing fee is amortized over 5 years beginning at the effective date of the concerning rental agreements (start from August 2021).

Moreover, as of the 30th of June 2023, there are no prepaid expenses for heating and ancillary costs but accrued expenses for heating and ancillary costs (see note 4.9).

4.5. Investment properties

IN CHF	Down payment	Undeveloped land	Properties	Properties under development	TOTAL invest- ment properties
Balance as at 01.01.2022	-	2'080'000	220'435'000	424'026	222'939'026
Additions	4'000'887	18'860	6'654'040	1'787'997	12'461'784
Revaluations of properties	-	180'140	1'429'960	929'736	2'539'836
Balance as at 31.12.2022	4'000'887	2'279'000	228'519'000	3'141'759	237'940'646
Reclassifications	-4'000'887	-	4'000'887	-	-
Additions	-	11'553	13'080'557	2'180'866	15'272'976
Revaluations of properties	-	-	2'395'378	929'736	3'325'114
Balance as at 30.06.2023	-	2'290'553	247'995'822	6'252'361	256'538'736

The discount rates used in the appraiser's valuations for the investment properties ranged from 3.1% to 3.4%, in real terms, for the reporting year 2022 (2021: respectively 3.1% to 3.6%). The next valuation of the buildings will take place at the end of 2023; however, the assessment for the period has already taken into account the new acquisition of Reinach (2'395 KCHF) and the ongoing project Mochettaz 7 (930 KCHF). The properties currently under development are split as follows:

IN CHF	30.06.2023	31.12.2022
Mochettaz 7	6'228'335	3'117'733
Arc en Ciel 9	24'026	24'026
Total properties under development	6'252'361	3'141'759

4.6. Financial liabilities

IN CHF	30.06.2023	31.12.2022
Bank loans – current	2'765'000	1'640'000
Bank loans – non-current	119'645'000	109'398'000
Total financial liabilities	122'410'000	111'038'000

	Currency	Nominal amount as at 30.06.2023	Interest rate	Start date	End date	<1 year	>1 year
Bank loan 1a (part 1)	CHF	11'000'000	1.12%	28.12.2021	28.12.2030		22'100'000
Bank loan 1b (part 1)	CHF	11'100'000	1.18%	28.12.2021	28.12.2031		22 100 000
Bank loan 1c (part 2)	CHF	5'060'000	0.80%	28.02.2022	28.02.2027	840'000	4'220'000
Bank loan 2 **	CHF	30'800'000	2.56%	30.06.2023	30.09.2023	1'125'000	29'675'000
Bank loan 2 * / **	CHF	11'000'000	2.23%	16.05.2023	15.05.2026	-	11'000'000
Bank loan 2 * / **	CHF	11'000'000	2.37%	16.05.2023	18.05.2027	-	11'000'000
Bank loan 2 * / **	CHF	11'000'000	2.53%	16.05.2023	16.05.2028	-	11'000'000
Bank loan 2 **	CHF	4'480'000	2.57%	30.06.2023	31.07.2023	-	4'480'000
Bank loan 3	CHF	15'000'000	2.32%	28.11.2018	28.11.2028	-	15'000'000
Bank loan 4	CHF	5'000'000	2.26%	21.12.2018	28.11.2028	-	5'000'000
Bank loan 5 **	CHF	6'970'000	2.84%	06.06.2023	06.07.2023	800'000	6'170'000
Total loans		122'410'000	2.16%			2'765'000	119'645'000

^{*} The company fixed long term interest rates for an existing loan split in three tranches with a nominal value of 11 MCHF each starting in May 2023 and maturing respectively in May 2026, May 2027, and May 2028. The interest rates range between 2.23% and 2.53%.

^{**} These bank loans (rollover mortgages) are part of a long-term credit line.

	Currency	Nominal amount as at 31.12.22	Interest rate	Start date	End date	<1 year	>1 year
Bank loan 1a (part 1)	CHF	11'000'000	1.12%	28.12.2021	28.12.2030	-	22'100'000
Bank loan 1b (part 1)	CHF	11'100'000	1.18%	28.12.2021	28.12.2031	-	
Bank loan 1c (part 2)	CHF	5'060'000	0.80%	28.02.2022	28.02.2027	840'000	4'220'000
Bank loan 2 * / **	CHF	54'808'000	1.82%	28.12.2022	30.01.2023	-	54'808'000
Bank loan 2 * / **	CHF	1'700'000	1.50%	01.11.2022	01.02.2023	-	1'700'000
Bank loan 3	CHF	15'000'000	2.32%	28.11.2018	28.11.2028	-	15'000'000
Bank loan 4	CHF	5'000'000	2.26%	21.12.2018	28.11.2028	-	5'000'000
Bank loan 5 **	CHF	7'370'000	2.00%	06.12.2022	06.01.2023	800'000	6'570'000
Total loans		111'038'000	1.73%			1'640'000	109'398'000

Bank loans have been granted with a weighted average interest rate of 2.16% (2022: 1.73%).

IN CHF	30.06.2023	31.12.2022
Book value of pledged investment properties	244'006'487	228'519'000
Nominal value of pledged mortgage notes	178'002'468	176'002'468
Current claim (nominal)	122'410'000	111'038'000

4.7. Trade Payables

IN CHF	30.06.2023	31.12.2022
Trade payables - third parties	1'257'098	1'606'322
Trade payables - property manager	65'780	414'645
Total Trade payables	1'322'878	2'020'967

4.8. Other current liabilities

IN CHF	30.06.2023	31.12.2022
Rent paid in advance	296'735	101'229
VAT liabilities	112'205	129'614
Liabilities to other third parties	68'013	61'636
Guarantee retentions	73'893	73'894
Total Other current liabilities	550'845	366'373

The variation in other current liabilities is mainly due to an increase in rent paid in advance, especially for the building of Geneva (+137 KCHF).

4.9. Accrued expenses and deferred income

IN CHF	30.06.2023	31.12.2022
Accrued expenses	2'295'107	1'928'540
to other third parties	1'186'998	990'985
to related parties	1'108'109	937'555
Expenses for heating and ancillary costs	329'627	-
Accrued tax	237'095	176'065
Accrued interests on loans	13'360	85'821
Total accrued expenses	2'875'189	2'190'426

The increase in accrued expenses is mainly due to the accrual of:

- (i) acquisition costs for the purchase of the new building in Reinach (+181 KCHF)
- (ii) technical fees for the projects under development (+33 KCHF) and letting fees (+110 KCHF) for new rental agreements
- (iii) accrued expenses for heating and ancillary costs due to tenants (+330 KCHF)
- (iv) no final taxation since December 2022 (+61 KCHF)

Accrued – or prepaid expenses – for heating and ancillary costs will be paid or recharged to tenants at the end of the breakdown of expenses period which usually takes place in June every year.

4.10. Other non-current liabilities

This position corresponds to a guarantee and deposit from the tenants for 400 KCHF (2022: 400 KCHF).

4.11. Provisions

A provision was booked due to the risk of abortion of the project Glattbrugg. Indeed, PATURBO could repay a part of the development costs to the developer. The amount of the risk was estimated to 500 KCHF (2022: 500 KCHF).

IN CHF	30.06.2023	31.12.2022
Provisions at the beginning of reporting period	500'000	250'000
Increase		250'000
Provisions at the end of reporting period	500'000	500'000
Of which long-term at the end of the reporting period	500'000	500'000

4.12. Deferred tax liabilities

IN CHF	30.06.2023	31.12.2022
Investment properties	19'113'875	17'808'009
Total deferred tax liabilities	19'113'875	17'808'009

4.13. Shareholders' equity

Patrimonium Urban Opportunity LTD share capital is set at CHF 38'101'266 represented by 38'101'266 registered shares with a par value of CHF 1 each. There was no movement in the share capital during the period under review.

On the 26^{th} of October 2022, the shareholders modified the articles of incorporation to authorise the Board of Directors to increase the share capital (authorised and conditional capital) by a maximum of each CHF 19'050'633 until the 25^{th} of October 2024.

Following the merger, the capital reserves which were those of PROTIR Ltd have been absorbed.

4.14. Transaction with related parties

All relevant asset management tasks are contractually delegated to a specialised FINMA-approved asset manager. The asset manager perceived as remuneration for the period of 6 months a management fee amounted to 848 KCHF (06.2022: 484 KCHF).

Besides, technical fees relative to the management of projects under development have been accrued for a total amount of 44 KCHF during the period. A letting fee for a total amount of 110 KCHF was booked following the conclusion of new rental agreements during the period. Besides, an amount of 217.5 KCHF was paid for the acquisition of the new building in Reinach.

4.15. Commitments and contingent liabilities

Commitments

PROTIR owns a permanent building right registered as an easement on plots 3696 and 3697 at 16 rue de la Voie-Creuse in Geneva. The owner of the land is SBB. The building lease was extended on the 5th of October 2009 until the end of 2061. PROTIR acquired the building which was constructed under the building lease at the time of incorporation in 2020 for 24 MCHF. The total commitment until the end of the contract is as follows:

IN CHF	< 1 year	1-5 years	>5 years	Total
Building lease	156'060	624'240	5'228'010	6'008'310
Total commitment	156'060	624'240	5'228'010	6'008'310

In 2022, the total commitment was the following:

IN CHF	< 1 year	1-5 years	>5 years	Total
Building lease	156'060	624'240	5'306'040	6'086'340
Total commitment	156'060	624'240	5'306'040	6'086'340

4.16. Events after the balance sheet date

The financial statements have been approved by the Board of Directors on the 19^{th} of September 2023.

PATRIMONIUM URBAN OPPORTUNITY LTD

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