



## **HELVETICA SWISS COMMERCIAL**

Real Estate Investment Fund under Swiss Law

**HALF YEAR REPORT 2019**

**TOWER 1**

## FACTS IN BRIEF

**5.7 %**

Actual gross yield



**186 786 m<sup>2</sup>**

Total rental area

**4.5 years**

Weighted average unexpired lease term



**24**

Portfolio properties



**487 million**

Market value of the property portfolio



**93.6 %**

Occupancy ratio



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## Helvetica Swiss Commercial Fund (HSC)

Real Estate Investment Fund under Swiss Law

Unaudited Half Year Report as per 30 June 2019



This is an unofficial English office translation of the German official Report. In case of deviations, the German version applies.



# KEY FINANCIAL FIGURES

Key data		Notes	as per 30.06.2019	as per 30.06.2018
Securities number			33550793	33550793
Initiation date			12/9/2016	12/9/2016
Issued shares	Number		694 856	1 544 125
Outstanding shares	Number		3 474 281	2 779 425
Redeemed shares	Number		-	-
NAV per share	CHF		109.16	107.33
Weighted real discount rate	%		4.01	4.16
<b>Statement of assets</b>				
Market value of the properties	CHF	1	487 109 000	264 060 000
Gross Asset Value (GAV)	CHF		513 325 580	373 215 448
Debt financing ratio	%		23.40	22.72
Debt ratio	%		26.12	20.07
Residual term debt financing	Years		1.39	3.43
Interest rate debt financing	%	8	0.63	0.79
Net Asset Value (NAV)	CHF		379 247 802	298 308 331
<b>Income statement</b>				
Rental Income	CHF		12 936 360	6 874 612
Net Income	CHF	15	8 877 165	7 421 064
Rental income loss rate	%		7.56	7.91
Weighted average unexpired lease term (WAULT)	Years		4.50	3.29
Maintenance and repairs	CHF		1 457 704	121 350
Operating profit margin	%		66.36	77.59
<b>Return and performance</b>				
Distribution	CHF	13	-	-
Distribution per share	%	13	-	-
Distribution yield	%		-	-
Distribution ratio	%		-	-
Return on equity (ROE)	%		2.89	3.09
Return on invested capital (ROIC)	%		-	-
Performance	%	15	-	-
Investment return	%		-	-
Agio/Disagio	%		-	-
Fund expense ratio TERREF GAV	%	15	0.62	0.82
Fund expense ratio TERREF NAV	%	15	0.85	1.11

Past performance is no guarantee for future developments. The mentioned performance does not take into account any commissions and costs charged on subscription and redemptions of shares.

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MAX



## FUND FACTS

Average unexpired  
lease term (years)

**4.5**

The weighted average of unexpired lease increased by six months

Total fund assets (million CHF)

**513**

increased by 38% compared to previous period

Gross actual yield (%)

**5.7**

Stable due to attractive investments

Target rental income  
(million CHF)

**29.6**

Significant increase by 75%

Market value of property (million CHF)

**487**

Increased by 84%

Return on equity (%)

**3.0**

Stable compared to previous period

Debt ratio (%)

**26.1**

Increased by 30% compared to previous period

Average rent per square meter (CHF)

**147**

Contains potential which has to be exploited

Occupancy ratio (%)

**93.6**

The value appreciation potential of the acquired properties increases the vacancy rate in the short term

Net asset value per share (CHF)

**109.16**

Increase by 3% since the beginning of the year

Total rental space (m<sup>2</sup>)

**186 786**

Increase by 77% compared to previous period

The HSC logo, which consists of a white circle containing a red stylized building facade with a series of rectangular windows.

# *HSC*

# *Kotierung* in

# *Sicht.*

**KAPITALERHÖHUNG**  
HELVETICA SWISS COMMERCIAL FONDS  
09. BIS 20. SEPTEMBER 2019



*Dass unser Helvetica Swiss Commercial Fonds so gut gestartet ist, kommt nicht von ungefähr. Wir von Helvetica Property sind überzeugt, dass unsere professionelle Expertise und Weitsicht die Basis dafür legt. Der Rest ist fokussierte Strategie, Konsistenz und hands-on Haltung.*

*Immer zum Nutzen unserer Fonds und unserer Investoren – langfristig, leidenschaftlich und verantwortungsbewusst.*





# HIGHLIGHTS

## January to June



### Winterthur, Stegackerstrasse 6/6a

In April 2019, a property was acquired in the immediate vicinity of Winterthur Hegi train station, which comprises a classic office building, a spacious commercial hall and various outdoor storage areas. The majority of the property is let on a long-term basis to Conecta AG as its headquarters. Various small businesses complement the tenant mix.

#### Market value (million CHF)

28.64

#### Gross income (million CHF)

1.36

#### Rental area (m<sup>2</sup>)

20 650



### Villars-sur-Glâne, Route de Villars 103-110

In May 2019, a site with four new buildings was acquired in an excellent location in the Canton of Fribourg. The renowned tenant AMAG has generous, functional workshop, office and retail space at its disposal. Socar also operates a gas station on the site.

#### Market value (million CHF)

31.53

#### Gross income (million CHF)

1.77

#### Rental area (m<sup>2</sup>)

9 555



# THE HALF YEAR IN BRIEF

## First quarter

On 28 March, the fund made its second dividend distribution of 4 Swiss francs per share. The payout ratio was 77.6% with a distribution yield of 3.6%.

The capital increase in March was successfully closed on 28 March with the liberation of around 76 million Swiss francs. Once again, the interest of investors was so huge that the capital increase was significantly oversubscribed. In addition to subscriptions from existing investors, new investors were also served and included in the group of investors.

### Further highlights:

At Riedstrasse 1 in Dietikon, we have succeeded in letting a rental area of around 1 000 square metres for a fixed period of 5 years.

In Glattbrugg, three leases for office space of 400 square meters each were extended for a further five years.

*At Max-Högger-Strasse 6 in Zurich, a 290 square metre office space was rented and a lease agreement for 450 square metres of office space was extended for a further five years.*

The fund management plans to carry out the last capital increase for the Helvetica Swiss Commercial Real Estate Fund prior to its listing on the SIX Swiss Exchange in the fourth quarter.

## Second quarter

The portfolio was further expanded at the beginning of April with the acquisition of a property in Winterthur, Canton Zurich. The two neighbouring properties, an office building and a warehouse, are centrally located in the immediate vicinity of the train station. A total purchase price of 25.4 million Swiss francs was invested with an average gross actual yield of 5.3 percent.

With a lease term of 10 years for the two properties, the average term of the fund's leases was increased.

At the beginning of May, two commercial properties with an average gross actual return of 5.7 percent were acquired in Villars-sur-Glâne, Canton Fribourg. The two buildings were acquired for a purchase price of CHF 30.5 million. Both are located directly on the Route de Villars road and have an excellent visibility and reachability. With a lease term of around 9 years, the average term of the leases in the fund was also increased. The AMAG Group is the main tenant, with a 93 percent share.

The rental agreement for 202 square meters of office space in the Chiasso property was successfully signed.

In Cham, negotiations for an early lease extension of another five years for a rental area of over 1 000 square meters are in the final phase.



**Herbert Kahlich**  
Member

**Peter Bodmer**  
Vice-Chairman

**Hans Ueli Keller**  
Chairman

THE BOARD OF DIRECTORS OF THE  
FUND MANAGEMENT COMPANY  
CONSIST OF PROVEN PROFES-  
SIONALS FROM THE FINANCE AND  
REAL ESTATE INDUSTRY.



**Hans R. Holdener**  
Member

**Thomas Huber**  
Member



# HSC FUND PORTRAIT

## Fund Description

Helvetica Swiss Commercial Real Estate Fund is an open contractual real estate investment fund under Swiss law for qualified investors. The Fund is suited for long-term value investors interested in a stable and consistent cash flow. The Fund invests in commercial properties with value appreciation potential across the most dynamic economic regions in Switzerland. The focus is on potentially undervalued properties with an attractive cash flow yield. The Fund Manager pursues an active hands-on management approach to unlock and realize hidden potential in the properties by means of revitalizations, renovations, vacancy reductions as well as lease extensions. To achieve long-term value appreciation – in addition to the current cash-flow yield. The goal is to build a broadly diversified portfolio by region, type of use, object size and tenant mix.

## Investment Strategy

- Focus on commercial properties across the most dynamic economic regions in Switzerland
- Primary focus on operational and sustainable profitability, secondary focus on potential value appreciation
- Maximizing existing potentials by revitalizations, renovations, re-positioning, vacancy reductions, lease extensions and conversions of rental areas
- The goal is to achieve a broadly diversified portfolio by region, type of use, object size and tenant mix
- Safe and stable due to a low debt financing ratio of maximum 33%

## Strategy benefits

- The risk adjusted return is more attractive than for properties in central city locations
- High and stable initial yields compared to the overbought central locations in Zurich, Basel and Geneva
- Revenue growth and capital growth potential due to new lease agreements and lease extensions
- Increased demand for rental areas at conservative rent levels
- Less competition from new constructions, because rental space can be offered at substantially lower rents
- Undervalued objects are likely to benefit from the next cyclical upswing

## Investment Rational

- Bank-independent Asset Manager only committed to its investors with the aim of generating a sustainable and stable return
- Real estate investment in Swiss properties
- Clear investment guidelines and an experienced team ensure careful investment of the new capital
- Professional selection and management of the properties for long-term value retention
- Attractive returns and stable distribution yields in the current low interest rate environment
- Listing of the fund is scheduled for 2019



# ORGANISATION

Fund Manager	Helvetica Property Investors AG, Gartenstrasse 23, Zürich
Executive Management of the Fund Management company	Hans R. Holdener, CEO and Managing Partner Peter R. Vogel, CFO, Head Corporate Services Frederic Königsegg, CIO, Head Investment Management Hans-Peter Wasser, Head Asset Management
Board of Directors of the Fund Management company	Dr. Hans Ueli Keller, Chairman Peter E. Bodmer, Vice Chairman Thomas Huber, Member Herbert Kahlich, Member Hans R. Holdener, Member
Asset Manager	Helvetica Property Investors AG, Gartenstrasse 23, Zürich
Custodian Bank and Paying Agent	Banque Cantonale Vaudoise, Case postale 300, Lausanne
OTC Trading	Banque Cantonale Vaudoise, Case postale 300, Lausanne
Auditors	PricewaterhouseCoopers AG, Birchstrasse 160, Zürich
Sales Agents	Vontobel Asset Management AG, Gotthardstrasse 43, Zürich
Valuation Experts	The fund management has commissioned the following valuation experts with the approval of the supervisory authority: Marco Feusi, Valuation Expert, Wüest Partner, Zurich Silvana Dardikman, Valuation Expert, Wüest Partner, Zurich
Property Management	<p>The commercial and technical management of the properties is carried out by the fund management itself or delegated on a case-by-case basis to specialised third party companies.</p> <p>Corresponding agreements are concluded when the respective property is acquired. Existing agreements are adjusted where necessary. As of 30 June, contracts existed with:</p> <p>H&amp;B Real Estate AG, Zürich Regimo Zug AG, Zug Régimo Lausanne SA, Lausanne Regimo Basel AG, Basel Regimo Bern AG, Bern Eiko Verwaltungs AG, St.Gallen Arlewo AG, Luzern Wincasa AG, Winterthur</p>



# THE FUND MANAGER

Helvetica Property Investors AG is the Fund Manager of the HSC Real Estate Fund. The firm is a full-service provider of fund management and wealth management services within the real estate sector. The firm is headquartered in Zurich, approved and regulated by the Swiss Financial Market Supervisory Authority FINMA.

The company builds portfolios, manages direct and indirect real estate investments in Switzerland and manages them on behalf of their clients. The firm covers the full range of real estate investments, including investment strategies, asset selection, transaction structuring, acquisitions, financing, portfolio management and sales. Helvetica Property Investors is the Fund Manager of the Helvetica Swiss Commercial fund and acts as asset manager. Helvetica Property Investors AG is a subsidiary of Helvetica Property Group AG

## Corporate Philosophy

Protect and grow investors capital through long-term vision, hands-on entrepreneurial approach, focused strategy and seamless excellent execution.

## Our Approach

As a professional innovator in the Swiss real estate market, identify and unlock hidden potential with a proactive, hands-on asset management approach.

## Values

- \_ Honest and responsible
- \_ Integrity and passion
- \_ Transparency and long-term perspective
- \_ Independent and ambitious

## Social Media

Social media is increasingly becoming more and more into focus. As a Fund Management company, we have decided to follow this path as well, thereby increasing our presence. We would be happy if you follow us or the HSC fund on LinkedIn. We regularly publish interesting articles on real estate, exciting news from our company and sometimes personal stories. We publish articles that we like and mean something to us. Sometimes these are controversial, sometimes not - but always transparent and honest.



Passion for Real

# BOARD OF DIRECTORS OF THE FUND MANAGER



	<b>Hans Ueli Keller</b>	<b>Peter E. Bodmer</b>
<b>Position</b>	Chairman	Vice Chairman
<b>Born</b>	1952	1964
<b>Nationality</b>	Switzerland	Switzerland
<b>Board of Directors since</b>	2014	2015
<b>Shareholding Fund Manager</b>	10%	1.62%
<b>Education</b>	PhD from the University of St. Gallen and has completed the Advanced Management Program of the Business Schools INSEAD and Harvard HBS.	Degree in Business Administration from the University of Zurich and an MBA from IMD Lausanne.
<b>Executive and non-executive positions</b>	Longstanding career as member of the Executive Board of Credit Suisse and President of Swisscard. Managing Director and Board of Directors of Engel & Völkers Commercial Switzerland and Board Member of Ebix Inc. He has further experience as former Chairman of the board of directors of Swisscontent and former board member of Goldbach Media.	Former member of the Executive Committee of the Implenia Group, GKN Sinter Metals Group and Maag Holding. Active in various boards of directors such as Peach Property Group, Arbonia Forster, Klinik Schloss Mammern and member of the Board of Trustees Wilhelm Schulthess.
<b>Prior positions</b>		
<b>CEO</b>	✓	✓
<b>CFO</b>		✓
<b>Property Industry</b>	✓	✓
<b>Project Management</b>		✓
<b>IT and Technology</b>		
<b>Finance and Asset Management</b>	✓	✓
<b>Industry</b>		✓
<b>Transactions and M&amp;A</b>	✓	✓
<b>Consulting and Trust</b>		
<b>SME experience</b>	✓	✓

**Herbert Kahlich**

Member

1944

Austria

2015

1.62%

Advertising school with diploma in Zurich, ongoing business education and attendance of banking, finance and management courses.

Has more than twenty years of international asset management experience. He began his career at Credit Suisse and was a senior executive in the global fund business within Credit Suisse Group for more than 10 years, responsible for the group's real estate funds.

**Thomas Huber**

Member

1963

Switzerland

2015

1.62%

Dipl. International Fund Officer FA, Dipl. Wirtschaftsprüfer and Betriebsökonom HWV.

Experience from Audit and Management Consulting at PwC as a partner. Board member for Graubündner Kantonalbank, Zugerberg Finanz and PMG Fonds Management.

**Hans R. Holdener**

Member

1966

Switzerland and Norway

2007

75.50%

Master program in Customer Relationship Management and a Bachelor in Marketing from the Norwegian Business School BI in Oslo.

Co-founder and CEO of Helvetica Property Group. Managing director and founding member of Wohnspar and Managing Director of Immospar. Many years of experience both as investment consultant for wealthy individuals and as a private investor in the Swiss residential and commercial real estate market.

✓		✓
✓	✓	✓
✓	✓	✓
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✓	✓	✓
✓	✓	✓





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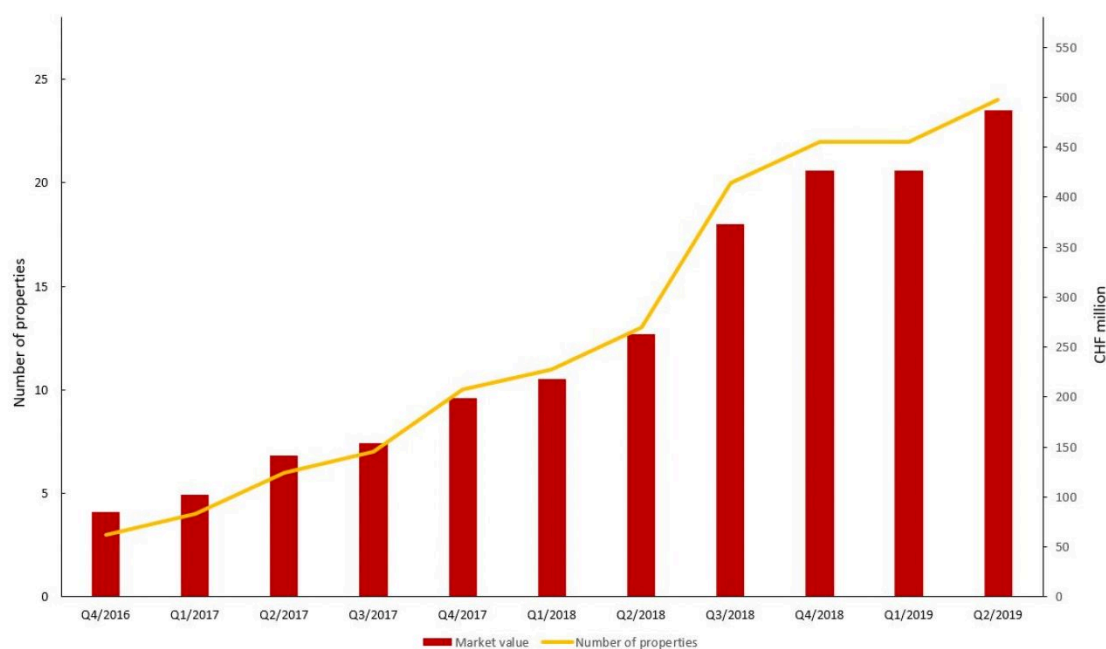


# INVESTMENT MANAGEMENT REPORT

In the period from 1 January to 30 June, properties with a volume of 7.1 billion Swiss francs were offered for sale to the fund management. Finally, for properties with a volume of 3.3 billion Swiss francs, more detailed reviews and assessments were carried out, which led selectively to due diligence processes common in the industry.

Due to the applicable investment guidelines and the high-quality requirements that the fund management considers when making acquisitions, the investment volume notarized in the period under review amounted to a market value of 60.2 million Swiss francs.

Since the launch of the HSC Fund in December 2016, a total of 24 properties with a current market value of CHF 487 million were acquired by 30 June.





## Investment Strategy

The primary investment focus of the HSC Fund is the purchase and management of commercial real estate. The aim is to ensure a sustainable, stable return and long-term value of the properties. The fund management concentrates on commercial properties outside the city centres of the large Swiss cities and consistently focuses on economically active locations in the agglomerations of the Swiss economic centres. From our point of view, small and medium-sized centres always offer attractive and interesting investment opportunities.

A stringent approach to property selection and consistent implementation of investment guidelines ensure that the selection of properties is based on comprehensible and objective principles. The most important investment objective is to generate stable returns in line with market conditions. The aim is to achieve a constant and attractive payout if the performance is at least stable.

Since the launch of the fund, the investment criteria have changed only insignificantly.

*We are now adhering strictly to a lower volume limit of ten million Swiss francs. We only make exceptions in the case of portfolio transactions.*

We reject properties that do not have an investment volume of at least ten million Swiss francs, as the auditing and asset management costs for these properties are in no reasonable proportion to the invested equity capital. At present, properties with a volume of between twenty and forty million Swiss francs seem ideal to us. However, at the upper end of this price range, competition among buyers is already very intense and pronounced.

It is part of our philosophy that we do not like to engage in bidding competitions, but rather try to score points with the creativity and flexibility of our offers.

## Investing in today's market environment

The market environment for commercial real estate remains positive as a result of sound economic growth. The even lower interest rate environment means that competition for commercial properties is still very intense and demand for commercial properties is still very high. Depending on perception, the competition for adequate investment properties has even intensified. This also applies to the individual small and medium-sized centers and agglomerations in which we invest. Good quality investment properties are still difficult to find, and the price expectations of non-professional sellers are sometimes extraordinarily high.

*Helvetica Property therefore examines and analyses every region and property individually, considering all the key factors that are important for a real estate investment.*

We review each transaction individually and prepare a customized business plan for each individual transaction. Then we make a final decision about the purchase depending on the purchase price.

Demand for commercial space has become more fragmented and hybrid, and somewhat less stability is observed. Very long lease agreements are still the exception in our investment segment. As mentioned in our last report, we deliberately tried to build up an appropriate balance in our portfolio during the reporting period, which we succeeded in doing through two transactions concluded during the reporting period.

In the case of the properties acquired in the first two quarters, we also focused on locations in the urban agglomerations and were able to make attractive acquisitions in economically active locations in Winterthur and on the city border with Fribourg.

## Investment environment

As mentioned above, the environment for purchases in the commercial sector remains positive. The further decline in interest rates and persistently high investment pressure are leading to the well-known developments on the market. The fund management tries to evade these general conditions as best as it can and, whenever possible, focuses on real estate that is not marketed in broad-based bidding procedures. However, real estate above a certain volume is only marketed in institutional sales processes, so that we can only evade this influence to a limited extent. Nevertheless, one of the properties acquired in the last six months was acquired off market.

*Helvetica Property therefore analyses each region and building individually, taking into account all the factors that are important for a real estate investment.*

In principle, liquidity is good for properties that correspond to our strategy. Through our large network, we receive a large number of offers for properties for sale. In the first semester of the year we observed that many sellers were attempting to be active on the market, particularly in the first quarter. However, due to the investment guidelines in place and our view that the purchase price was too high, we were rather selective in the reporting period and abandoned several property assessments because the risk/reward ratio did not seem appropriate to us.

We will continue to act selectively in future acquisitions and will not participate in bidding processes unless we are convinced of the added value. In the second quarter of the reporting period, we observed a decline in offers on the market. For the rest of the year - especially in the traditionally strong fourth quarter - we expect to see a larger supply of suitable properties and expect prices and yields to move sideways. We therefore continue to assume that intact opportunities will remain in certain niches in which further interesting acquisitions can be made.

## Purchase and sales activities in the reporting period

**Two properties were acquired during the reporting period - all figures correspond to the purchase date:**

In Winterthur in the Canton of Zurich, two office and advertising properties, both built in 1984, were acquired for the fund in the first quarter. The cash flow, which is considered to be extremely sustainable, and the high average lease commitment (VAULT) of over 11 years for the object purchased were particularly important for our purchase decision. The buildings are characterized by an excellent location and are located in an area where the City of Winterthur is extremely active in the urban development. Generously dimensioned outdoor areas, which the existing (main) tenant uses, and 60 parking spaces round off the offer for our tenants.

The Winterthur-Hegi train station is located in the immediate vicinity of the object of purchase and will be frequented even more in the future. Various tenants, including a well-known company with a strong credit rating, will secure sustainable earnings for several years. Furthermore, the outstanding location of the property will favour any (new) letting. The rent level of only 65 Swiss francs per square metre, which the property has, allows room for manoeuvre and creativity in the long term. Today, a rent of around 1.3 million Swiss francs per year is generated on an area of 20,556 square metres. The market value of this highly complex transaction amounted to around 28.6 million Swiss francs.

Also in the reporting period, a property in Villars-sur-Glâne in the Canton of Fribourg, situated about 6 minutes' drive from the city centre of Fribourg, was acquired. The well-known AMAG car dealership park on Route de Villars 103-110 in the region is fully let until 2027. AMAG sells, repairs and serves its customers in four different buildings. In addition, the tenant has access to storage space and a large number of indoor and outdoor parking spaces. Annual rental income of almost 1.8 million Swiss francs is generated on over 10 850 square metres. The average rent is modest 164 Swiss francs per square metre per year. The property is presenting itself successfully in the market with the large number of parking spaces available.

The gas station with attached shop has been leased to SOCAR Energy in a ground lease agreement and generates rental income of around 100 000 Swiss francs per year and ensures an increased (visitor) frequency. The main motivation for the investment was the further diversification of revenues and the above-average lease term of more than 10 years. The excellent credit rating of the tenant was an additional factor that convinced us. The market value of this transaction amounted to 31.5 million Swiss francs.









# ASSET MANAGEMENT REPORT

**As of 30 June, the Asset Management unit of the fund management manages a portfolio of 24 properties with a total lettable area of approximately 186 700 square meters. At the reporting date of this report, the market value of the portfolio was CHF 487 million. This value is determined by the accredited valuation company Wüest Partner at the end of each year.**

The market value is defined as the expected price that can be achieved on the open market on the reporting date, excluding taxes and other costs occurring on disposal. The portfolio is valued with the discounted cash flow method. This involves estimating the market value of the individual properties, taking into account their current characteristics and the expected requirements of the future market development. The occupancy rate as of 30 June was 93.6 percent and is therefore stable. The change from 94.2 percent as of December 31, 2018 to 93.6 percent is mainly due to normal fluctuation in the portfolio. The remaining term of the rental agreements increased from 4 years as of 31 December 2018 to 4.5 years as of 30 June. The geographical breakdown of the properties continues to show a balanced picture across the whole of Switzerland with a focus on the regions of Zurich, Eastern and Central Switzerland.

The gross actual return on the portfolio fell slightly from 5.9 percent as of 31 December 2018 to 5.7 percent as of 30 June. The main reason for this is a new acquisition in Winterthur. Although the gross yield is below the portfolio average of 4.1 percent, this is a so-called long-term triple net contract, which means that the net yield of the property will also amount to

4.0 percent and therefore an above-average distribution can be expected.

A comparison of the actual rental prices in the portfolio with the actual market rents still shows a slight increase potential. The portfolio's current rents, which are still favourable, reflect the good lettable area of the premises and offer a high level of certainty for fast letting and a stable occupancy rate.

## **The hands-on approach of the asset management team**

The Asset Management team is involved at an early stage in the acquisition of new properties and assesses properties with potential in cooperation with the Investment Management team. Long-term business plans are defined, and necessary measures are planned in detailed financial models.

The organisation of the property management of new and existing properties is always carried out with the aim of cost-efficient and direct supervision.

In the case of existing properties, the Asset Management team places great emphasis on the implementation of the measures defined in the business plans and optimising the letting situation. As a result, Asset Management is in direct contact with the most important tenants in order to monitor their customer needs on a regular basis.

## **Object and portfolio rating**

The HSC portfolio is of high quality with regard to property and location rating. All properties have an above-average rating. This means that the portfolio is very well balanced in terms of both geographic location and property quality, resulting in a high level of stability and planning security.

The accredited valuation company Wüest Partner AG prepares a quality profile for each of the fund's properties. Macro-location, micro-location, usability, standard, condition and market attractiveness are assessed.

*With an overall rating of 3.6 of a maximum of 5.0, the portfolio quality is of clearly above-average.*

10 of the Fund's 24 properties are included in the market matrix as top properties. All properties have a rating of at least 3.2.

In order to maintain a high-quality real estate portfolio in line with the market and the above quality profile of the valuation experts, appropriate measures are planned both for the acquisition of new properties and in asset management.

### **Geographical breakdown**

The geographical diversification of the portfolio as at 30 June corresponds to the investment guidelines of the HSC Fund. The properties are distributed throughout Switzerland, with a focus on German-speaking Switzerland. The Swiss small and medium-sized economy is diversified and distributed throughout Switzerland. However, most small and medium-sized enterprises are located in the greater Zurich area. Around 85 percent of the properties in the HSC Fund are located in this economically strong region, which means that demand is high and rentability correspondingly good.

### **Rental income according to use**

The portfolio is carefully well-balanced, focused on various sectors and comprises purely commercial properties with 24 percent commercial space, 38 percent office space, 28 percent retail space, 7 percent parking space and 3 percent for various uses. The distribution of the usages of the HSC Fund corresponds to the main demand of small- and medium-sized enterprises in the SME sector. The balanced distribution of usages minimises sectoral risks due to different market developments in the future. In line with this strategy, all rental income is generated from commercial rental agreements.

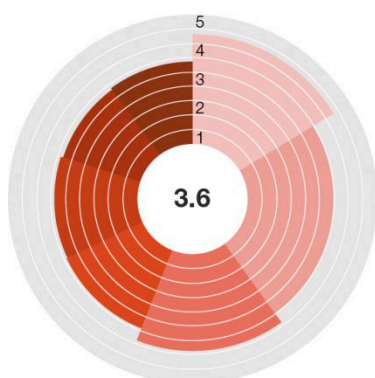
### **Lease term**

The majority of all rental agreements of the HSC Fund have a fixed rental duration. As of June 30, the average remaining lease term is 4.5 years. The HSC portfolio thus has a high level of earnings security and stability.

Furthermore, 15 percent of the leases are indefinite, but mainly concern long-standing rental relationships.

The Asset Management team strives to positively influence the average lease term through continuous contract renewals and new lettings with long-term rental periods. Through negotiations with the key tenants, the maximum value in 2023 decreased from 22 percent to 19 percent. The asset management team intends to further reduce this value and thus achieve an even more balanced distribution of the lease term across the entire portfolio.

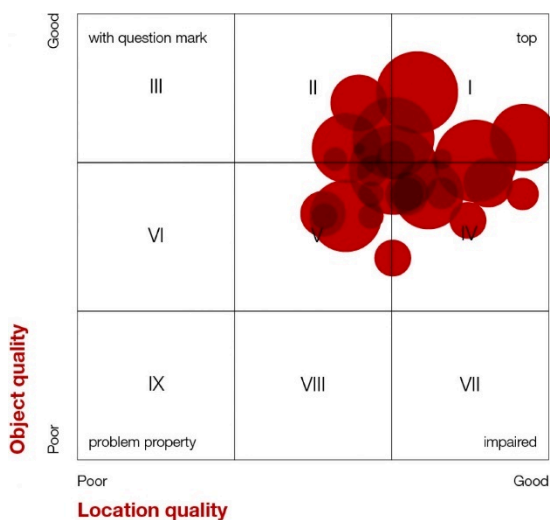
## Quality Profile Evaluation



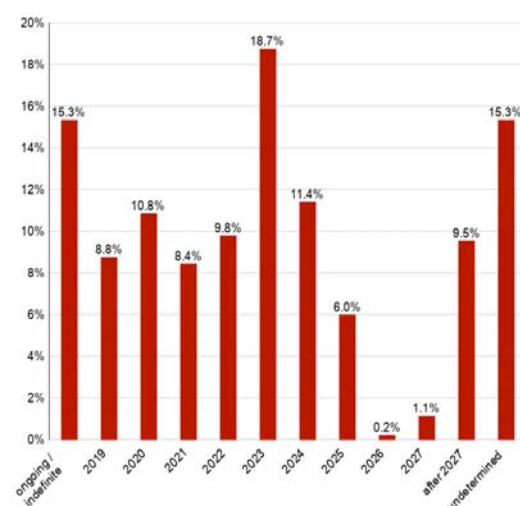
	Grade	Weighting
<b>Overall Rating</b>	<b>3.6</b>	
<b>Location</b>	<b>3.9</b>	<b>40</b>
Macro-location	4.3	41
Micro-location	3.5	59
<b>Property</b>	<b>3.6</b>	<b>40</b>
Usability	3.9	40
Standard	3.4	30
Condition	3.4	30
<b>Market attraction</b>	<b>3.4</b>	<b>20</b>
Lettability	3.3	50
Saleability	3.4	50

10 of the Fund's 24 properties are included in the market matrix as top properties; all properties have a score of at least 3.2.

## Object quality / Location quality

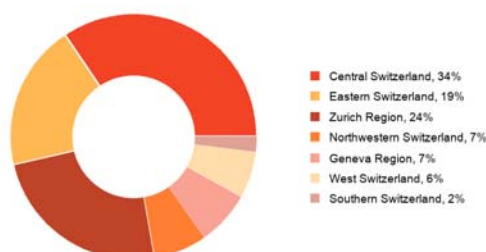


## Lease term



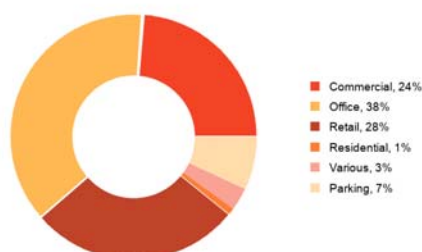
## Geographical breakdown

(Market values)



## Rental income according to use

(Target rental income)



In line with the strategy, all rental income is generated from commercial lettings.



## Successful lettings and special events

The good reachability as well as the favorable rental prices of the properties of the HSC Fund compared to the large cities are the focus of demand. In combination with the direct involvement of the Asset Management team, various leasing successes were achieved.

*The occupancy ratio of the overall portfolio remained largely stable at 93.6 percent as of 30 June compared with 31 December 2018.*

### **Brief description of the properties, asset management activities in the reporting period and brief outlook on the activities planned for the coming half-year:**

#### **Münchwilen, Thurgau**

The architecturally uniquely designed property with the label "Zukunftsfabrik" has a diversified mix of usages with retail, commercial, warehouse and office space.

The comprehensive rebranding of the building was implemented during the reporting period, generating further demand. Although the occupancy rate fell slightly to 78.1 percent compared with the end of the year, it now includes existing tenants who wish to expand their space by 300 square metres or 500 square metres, and the main tenant has announced that he intends to prolong the lease for his 3 200 square metres on a long-term basis.

We were also able to attract new potential tenants, so that we expect an improved occupancy rate by the end of the year. An architect is also working on the development of an additional building to optimize the logistics infrastructure and increase the attractiveness of the existing building.

#### **Steinhausen, Zug**

The widely known property "4 Towers" is ideally situated thanks to the train and bus stops located directly in front of the building complex as well as the highway that passes the property.

The asset management team was able to extend rental agreements with several tenants for attractive conditions. Tenants moved out as of 31 March and 30 June, so that the vacancy rate as of 30 June was around 6.5 percent. For the vacant space, rental negotiations are already underway with potential tenants and an improved occupancy rate is expected by the end of the year.

#### **Dietikon, Zurich**

The regionally well known "Pestalozzihaus" forms the entrance gate of the development area "Silbern" in Dietikon. It comprises two floors of retail space and a further five storeys of office space.

On the office floors, new contracts were signed, and small space cancellations roughly balanced each other out in the period under review, so that the occupancy rate remained roughly stable at 94.2 percent compared with the end of the year. The re-letting activities for a space currently rented to a provider of garden furniture have proved fruitful and the space of around 1 100 square metres could be seamlessly re-let.

#### **St. Gallen, St. Gallen**

The property is fully let and includes various usage options such as offices, commercial areas as well as leisure and sports facilities. It is being operated in close cooperation with the main tenant. The contract with the main tenant runs until at least 31 December 2021, negotiations for an extension of the lease have already been initiated.

**Zurich-Altstetten, Zurich**

The property is located in the immediate vicinity of the Altstetten train station, the tram stop and the highway. Thanks to its excellent location and numerous parking spaces, it is easy to reach. The occupancy rate fell slightly compared with the end of the year to 93.6 percent, as there was a change of tenant during the reporting period. At the same time, one of the main tenants extended his lease for 2 000 square meters until the end of 2023. Further leases were also extended by 5 years. The well-developed offices that have become vacant are currently being marketed and have already been offered on several occasions to potential tenants. As a result, a timely letting can be expected.

**Wallisellen, Zurich**

The commercial property in the Herti industrial area, located close to the highway, train station and airport, is fully let on a long-term basis until at least 30 April 2022.

Regular meetings with the current occupier are positive indicators that the property will be let to the current tenant for the long-term.

**Goldach, St. Gallen**

The property is currently used as a warehouse, commercial and office property. Surrounded by well-known industrial companies such as Nestlé, it is located in the industrial zone, which is easily accessible by car.

Due to the long-term planned highway access, which runs directly past the property, the hidden potential can be realised. The property is fully let as of the reporting date and is the home of various tenants in the office, commercial and logistics sectors.

**Zuzwil, St. Gallen**

The commercial building with underground car park comprises retail, office, commercial and a few residential areas. Thanks to the diversified mix of uses, the broad tenant structure and the large number of parking spaces available, it guarantees good earnings stability.

An area that became vacant during the reporting period is currently being let. Negotiations are in progress with the largest tenant to extend and possibly take over the available space. Denner would also like to take over the Denner satellite on the ground floor, refresh it and at the same time extend the lease.

**Baden-Dättwil, Aargau**

The commercial building consists of five upper floors and two lower floors, mainly office space and a small commercial area. The sophisticated concept with an atrium and two opposing access cores at the front sides of the building allows offices to be flooded with light and optimal subdivision of space.

The main tenant, AMAG, will leave the 3,000 square metre site definitively as at 31 December 2019, but a rental guarantee runs until March 2022, which will allow sufficient time for the repositioning and letting of the space. Marketing is already active.

The existing tenant Sauna World would like to extend the contract ahead of its term, which should be finalised in the next few weeks.

**Cham, Zug**

The property is part of an overall development with excellent visibility and location directly at the highway exit as well as a bus stop in front of the property. Among the customers are well-known companies from the sports and leisure sector. In the neighbouring buildings there are well-known tenants such as Stöckli Sport and Fressnapf as well as a hotel / restaurant.

With the new tenant on the attic floor, there were challenges with the building permit, but these have now been solved and by the end of August 2019 the fittings should be completed so that the premises can be opened in September.

The tenant Ingram Micro wants to extend his 1 100 square meters of office space by a further 5 years. This extension should be finalised within the next few weeks. The building will be fully let on a long-term basis.

### **Rothenburg, Luzern**

The building comprises around 5 700 square meters of rental space on the ground floor, a fitness center on the upper floor and 359 parking spaces, some of which are at ground level and directly in front of the property. The other part of the parking spaces is located in the basement. The property is situated in the immediate vicinity of the IKEA and has been leased on a long-term basis to well-known, solid tenants.

Small infrastructural projects have already been implemented. Key figures such as frequencies and sales are reviewed regularly.

The property is still fully let, thus the Asset Management team is working on a future vision for the center as to how it can continue to position itself well in the regional retail market.

### **Schindellegi, Schwyz**

Located on a main traffic route, the prominent building offers a wide range of office and commercial space as well as a shop, restaurants and a gas station on around 12 000 square metres.

Due to a change of marketer and property manager during the reporting period, there were some short-term difficulties which affected the occupancy rate. At present, however, all new partners are fully installed, so that stabilization is expected. The first letting successes have already been achieved.

### **Glattbrugg, Zürich**

The property is located not far from Zurich Airport, within easy walking distance of Glattbrugg train station, and can therefore be easily reached by public or private transport. Thanks to the excellent office and commercial space of more than 6 500 square metres, goods lifts and ramps as well as more than 60 car parking spaces, good rentability is guaranteed.

Negotiations are in progress with an existing office tenant to relocate their production facilities to our building. On the one hand, this will be ideal to retain an existing tenant in the long term, and on the other hand, it will also be possible to reduce the currently vacant space and thus reduce vacancies.

### **Chiasso, Tessin**

The exterior of the representative property consists of a high-quality, curtain-type natural stone facade. In addition, the property is located in the heart of Chiasso on the central Piazza, right next to the train station. Numerous underground parking spaces are available for tenants and customers.

In the reporting period, a new tenant was won for 202 square meters.

Negotiations are currently in progress with two interested parties for the last 400 square meters of vacant space, and an improved occupancy rate is expected by the end of the year.

### **Baar, Zug**

The building is located east of the town centre of Baar, at a short distance from public transport. A generous parking lot is available for private traffic. A diversified tenant mix with tenants with strong credit ratings such as Coop and Denner as well as various service companies on over 4 000 square metres of rental space guarantees a solid letting situation.

During the reporting period, a project was launched for a new building branding, optimisation of signage and customer guidance as well as a joint venture with the neighbouring building with Aldi as a tenant in order to exploit further synergies.

### **Altendorf, Schwyz**

Thanks to the nearby motorway and the bus stop directly in front of the building, the property benefits from excellent accessibility and high visibility. It is located north-west of the centre of Altendorf in a busy industrial estate. The attic floor is used for three residential units. The main tenant "Livique", a member of the Coop Group, has secured this location with a long-term lease for an area of over 7,000 square metres until 2028.

In the period of this report, the last available small space was let, thus achieving 100 percent occupancy.

The rental space that will become available in November 2019 is currently being marketed. A seamless re-letting is being targeted.

**Vevey, Vaud**

Located directly at Vevey train station, surrounded by exclusively commercial use and a high pedestrian frequency, the representative building is in a prime location.

On the ground floor, the restaurant was handed over to a new experienced restaurateur, who has refurbished the restaurant. For the vacant space on the 1st floor, a medical practice is close to signing a contract for a long-term rental agreement.

**Montreux, Vaud**

The building is centrally located in Montreux, thanks to a shopping centre, train station and lake in the immediate vicinity with a high pedestrian frequency, making it an ideal location for offices and commerce.

The occupancy rate was again slightly increased in the reporting period thanks to a further letting.

As of 1 September 2019, the vacant space on the first floor was also leased to an existing medical tenant, so that only 58 square metres remain vacant. Full occupancy at the end of 2019 is definitely achievable.

**Arlesheim, Basel-Landschaft**

The building in the industrial and commercial part of Arlesheim is located directly next to the highway access. Above-ground parking spaces and a connection to public transport round off the offer.

The current tenant from the pharmaceutical industry occupies approx. 90 percent of the building has a lease contract until at least September 30, 2023. Negotiations are currently in progress for an early extension of the agreement, combined with concrete investments in building technology.

**Sissach, Basel-Landschaft**

The Chienberg Center is located at the eastern entrance to the town of Sissach, Basel-Land on the access road to the highway. From the street the building is clearly visible due to the corner situation and the fully glazed front facade.

The fitness company mentioned in the previous report could not be won as a tenant. The Asset Management team is in the marketing process and currently has two fitness providers as potential tenants for the only vacant space that still exists in the building.

**Tuggen, Schwyz**

The three-floor commercial and warehouse building has two truck ramps. All floors are accessible by two connecting cores and two freight elevators. The A53 highway junction is only one kilometre away from the building.

The building is fully and long-term leased to a logistics company until at least 30 September 2028.

**Arbon, Thurgau**

The popular shopping center serves the local needs of the entire region. Ideal parking facilities, an exciting tenant mix and a good gastronomy offer are outstanding features of the center.

One retail space was leased to Chicorée Mode during the reporting period.

In addition, a dedicated architect firm is working on the further optimization/revitalization of the center's infrastructure.

**Winterthur, Zurich**

The property in Winterthur was acquired on 1 April and consists of two separate buildings. On the one side is a large storage and logistics building which is fully rented by the main tenant until at least 31 May 2034.

The second building is an office tower, where the main tenant also rents a large part and which is home to several third party tenants too.

The occupancy rate of the office tower was 97.6 percent as of the reporting date. The marketing of the remaining spaces has been initiated.



**Villars-sur-Glâne, Fribourg**

The property was acquired on 1st May. It consists of four with one building each. Each of the four buildings is a brand house operated by AMAG (Audi, VW, Skoda, Seat) and is leased to AMAG with a minimum rental period until December 31, 2027. The location has above-average access transportation and the building conditions are excellent.





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# HALF YEAR ACCOUNTS

as per 30 June 2019

The first semester was characterised by two acquisitions and the capital increase in March. Total fund assets increased by 68 million Swiss francs to 513 million Swiss francs compared to 2018.

The fund management successfully carried out a capital increase in the first half of 2019. The capital increase met with great interest from investors and was significantly oversubscribed. In March, the fund received new equity of around CHF 76 million.

At the end of June 2018, the net asset value was 107.33 Swiss francs per unit. At the end of June, the fund had a net asset value per unit of 109.16 Swiss francs, which corresponds to an investment return of 3.0 percent and a return on equity of 2.9 percent.

In the financial year, the  $TER_{REF}$  GAV was reduced from 0.82 percent to 0.62 percent and the  $TER_{REF}$  NAV from 1.11 percent to 0.85 percent compared to the previous period.

## Balance Sheet

The total fund assets reflect the capital increase and the associated acquisitions from 22 to 24 new business premises in the first quarter and amount to 513 million Swiss francs, an increase of 140 million Swiss francs compared to the same period of the previous year. At the balance sheet date, the market value of the properties was CHF 487 million (previous period CHF 264 million), cash and cash equivalents CHF 20 million (previous period CHF 106 million) and short-term receivables CHF 6 million (previous period CHF 9 million).

After deducting liabilities of 124 million Swiss francs (previous period 60 million) and liquidation taxes of around 10 million (previous period around 1 million), net fund assets amounted to 379 million Swiss francs (previous period 298 million) on the balance sheet date.

At 23.4 percent, the debt financing ratio is above the previous year's figure of 22.7 percent but well below the approved threshold of 33 percent.

## Income Statement

The portfolio including the acquisition of the last 12 month led to an increase in net income of around 19.6 percent or CHF 1.5 million to CHF 8.9 million.

The 88 percent increase in rental income of 13 million Swiss francs made a major contribution to the positive result.



# BALANCE SHEET

in CHF

Assets	Notes	30.06.2019	30.06.2018
Cash and bank accounts including fiduciary deposits with third-party banks		19 912 767	106 453 806
Current receivables		6 303 814	2 701 642
<b>Properties</b>			
Building land and constructions-in-progress		-	-
Residential properties		-	-
Residential properties with condominium ownership		-	-
Mixed properties		-	-
Commercial properties	1	487 109 000	264 060 000
<b>Total properties</b>		<b>487 109 000</b>	<b>264 060 000</b>
Other Assets		-	-
<b>Total fund assets</b>		<b>513 325 581</b>	<b>373 215 448</b>
<b>Liabilities</b>			
<b>Accounts payable</b>			
Short-term interest-bearing mortgages	8, 9	-55 500 000	-13 000 000
Other current liabilities		-10 322 290	-9 312 353
Long-term interest-bearing mortgages	8, 9	-58 500 000	-47 000 000
Other non-current liabilities		-89 425	-41 411
<b>Total liabilities</b>		<b>-124 411 715</b>	<b>-69 353 764</b>
Net asset value before estimated liquidation taxes		388 913 866	303 861 684
Estimated liquidation taxes		-9 666 063	-5 553 352
<b>Net asset value</b>		<b>379 247 803</b>	<b>298 308 332</b>
<b>Further information</b>			
<b>Change in net asset value</b>			
Net asset value at the beginning of the reporting period		305 729 749	132 875 558
Distribution	13	-11 117 700	-4 323 550
Balance from trade in shares		73 654 736	160 691 547
<b>Net asset value at the end of the reporting period</b>		<b>379 247 803</b>	<b>298 308 332</b>
<b>Development of the number of shares</b>			
Number of shares at the beginning of the reporting period		2 779 425	1 235 300
Number of issued shares		694 856	1 544 125
Number of redeemed shares		-	-
<b>Number of shares at the end of the reporting period</b>		<b>3 474 281</b>	<b>2 779 425</b>
<b>Net asset value per share at the end of the reporting period</b>		<b>109.16</b>	<b>107.33</b>
<b>Further information (Art. 95 KKV-FINMA)</b>			
Balance of the depreciation account of the properties		-	-
Balance of the provision account for future repairs		-89 425	-36 733
<b>Balance of the account for reinvestment of retained earnings</b>		<b>3 164 438</b>	<b>4 276 001</b>
Number of shares cancelled as of the end of the next fiscal year		-	-
Total insurance value of the assets		487 295 998	264 785 158

# INCOME STATEMENT

in CHF

Income	Notes	01.01.-30.06.2019	01.01.-30.06.2018
Interest income		-	-70
Rental income		12 936 361	6 874 613
Capitalized construction interest rates		0	0
Other income		9 790	9 578
Participation in current income from share issuance		812 982	2 469 965
<b>Total income</b>		<b>13 759 133</b>	<b>9 354 086</b>
<b>Expenses</b>			
Mortgage interest		-389 667	-347 686
Other passive interest		-	-
Maintenance and repairs		-1 457 705	-121 350
<b>Property management</b>			
Property expenses		-556 892	-349 490
Administrative expenses		-29 771	-35 807
Taxes		-64 632	-57 171
Evaluation and auditing expenses		-89 001	-29 341
Consulting expenses		-106 067	-4 684
Transaction costs		-5 000	15 471
<b>Fees pursuant to regulation</b>			
Management fee	12	-1 708 826	-786 726
Custodian bank fee	12	-94 437	-43 000
Property management fee	12	-370 932	-155 194
Bank charges		-3 861	-491
Other expenses		-5 178	-17 553
Payment of current net income due to redemption of shares		-	-
<b>Total Expenses</b>		<b>-4 881 967</b>	<b>-1 933 022</b>
<b>Profit</b>			
<b>Net Profit</b>	<b>15</b>	<b>8 877 166</b>	<b>7 421 064</b>
Realized gains / losses		-	-
<b>Realized Profit</b>	<b>15</b>	<b>8 877 166</b>	<b>7 421 064</b>
Unrealized gains / losses		2 906 434	572 047
Incidental costs to the benefit of the fund from share issuance		1 118 718	2 124 716
Liquidation taxes		-1 921 300	-1 053 051
<b>Total profit in the reporting period</b>		<b>10 981 018</b>	<b>9 064 777</b>

# NOTES TO THE HALF YEAR REPORT

## 1. Inventories of properties held

Address	Usage	Market value	Initial cost	Rental income	Occupancy rate
Altendorf, Zürcherstrasse 102/104	Commercial	28 340 000	25 200 000	1 632 494	100.0%
Arbon, St.Gallerstrasse 15	Commercial	39 710 000	40 312 778	2 351 416	97.1%
Arlesheim, Fabrikmattenweg 2	Commercial	11 920 000	11 500 000	1 054 716	100.0%
Baar, Oberdorfstrasse 2/6/8	Commercial	21 910 000	23 063 036	1 107 020	95.4%
Baden-Dättwil, Täferstrasse 3/5	Commercial	19 350 000	17 670 559	1 142 972	99.9%
Cham, Brunmatt 14	Commercial	14 410 000	14 480 763	858 951	98.2%
Chiasso, Via Livio 1	Commercial	9 820 000	9 730 788	605 823	84.1%
Dietikon, Riedstrasse 1	Commercial	36 600 000	35 920 974	1 988 706	94.2%
Glattbrugg, Europastrasse 18	Commercial	14 230 000	13 012 403	738 249	76.2%
Goldach, Blumenfeldstrasse 16	Commercial	12 790 000	13 076 856	798 087	100.0%
Montreux, Grand-Rue 3	Commercial	25 830 000	25 759 323	1 213 240	94.7%
Münchwil, Murgtalstrasse 20	Commercial	10 500 000	10 950 000	921 612	78.1%
Rothenburg, Wahligenstrasse 4	Commercial	18 280 000	19 025 131	1 466 682	100.0%
Schindellegi, Chaltenbodenstrasse 6a-f	Commercial	30 010 000	31 768 438	1 617 266	83.2%
Sissach, Gelterkinderstrasse 30	Commercial	4 394 000	4 576 793	222 242	60.5%
St. Gallen, Rorschacherstrasse 292/294	Commercial	16 630 000	16 132 805	1 000 001	100.0%
Tuggen, Rüschenzopfstrasse 5	Commercial	14 230 000	13 965 487	730 000	100.0%
Vevey, Place de la Gare 5	Commercial	8 980 000	6 213 057	216 910	65.8%
Villars-sur-Glâne, Route de Villars 103	Commercial	31 530 000	31 189 626	1 776 300	100.0%
Wallisellen, Hertistrasse 23	Commercial	9 002 000	8 770 200	428 000	100.0%
Winterthur, Stegackerstrasse 6/6a	Commercial	28 683 000	25 808 917	1 352 708	97.6%
Steinhausen, Turmstrasse 28/30	Commercial	38 160 000	36 500 000	1 975 329	93.5%
Zürich-Altstetten, Max-Högger-Strasse 6	Commercial	30 490 000	29 629 064	1 886 229	92.6%
Zuzwil, Herbergstrasse 11	Commercial	11 310 000	11 438 447	624 017	89.4%
<b>Total</b>		<b>487 109 000</b>	<b>475 695 445</b>	<b>27 708 970</b>	

## 2. Real estate transactions

### Purchases

Address	Type	Canton	Usage	Property transfer	Market value transfer date
Villars-sur-Glâne, Route de Villars 103	Purchase	Fribourg	Commercial	01.05.2019	31 530 000
Winterthur, Stegackerstrasse 6/6a	Purchase	Zurich	Commercial	01.04.2019	28 644 000
<b>Total</b>					<b>60 174 000</b>

### Diposals

None



### 3. Obligations after the balance sheet date for property purchases

Address	Usage	Type of obligation	Anticipated investment volume
Ittigen, Schwerenwaldstrasse 13	Commercial	Pre-purchase agreement	27 957 000

### 4. Participations in real estate companies

As per 30 June 2019, the Fund holds 100% of the shares in Helvetica Swiss Commercial AG, based in Zurich, which in turn holds 100% of the shares in Helvetica Swiss Commercial 2 GmbH, based in Zurich. All properties of the HSC Fund are held through one of these two companies.

### 5. Share of other real estate funds and certificates

None

### 6. Rental income per tenant more than 5%

Tenant	Net Annual Rent in %
AMAG Automobil und Motoren AG	6.2
Coop Genossenschaft	5.1
Livique Division der Coop Genossenschaft	5.0

### 7. Information on derivatives and participation in other funds.

The fund does not use derivatives and is not invested in other funds.

### 8. List of mortgages debt with a residual term of 1 - 5 years

Type	Interest rate	Amount	Date of issue	Expiration date
Fixed-rate mortgage	1.00%	4 300 000	30.06.2016	30.09.2021
Fixed-rate mortgage	1.00%	3 100 000	05.09.2016	30.09.2021
Fixed-rate mortgage	1.45%	5 750 000	01.01.2017	31.12.2022
Fixed-rate mortgage	0.85%	1 000 000	31.12.2017	31.12.2019
Libor-mortgage	0.65%	12 000 000	30.04.2018	30.06.2021
Libor-mortgage	0.55%	10 300 000	12.06.2018	30.04.2021
Libor-mortgage	0.65%	18 750 000	15.12.2016	31.12.2021
Libor-mortgage	1.15%	3 800 000	01.07.2017	30.06.2022
Flex rollover mortgage	0.46%	47 000 000	22.10.2018	21.10.2019
Fester Vorschuss	0.52%	7 500 000	09.08.2018	08.02.2019
<b>Total</b>		<b>113 500 000</b>		

### 9. List of mortgages with a residual term of 5 or more years

Typ	Interest Rate	Amount	Date of issue	Expiration Date
Fixed-rate mortgage	1.17%	500 000	01.06.2018	28.02.2025
<b>Total</b>		<b>500 000</b>		

### 10. Fees and incidental costs charged to the investors

Remuneration	Maximum rates	Actual rates	Basis
Issuing commission of units	3%	1.5%	Net asset value per unit
Redemption commission for units	1.5%	-	Net asset value per unit

## 11. Incidental costs to the benefit of the fund's assets which accrue to the fund from the paid-in amount invested or from the sale of units

Remuneration	Maximum rates	Actual rates	Basis
Premium to NAV	2.5%	1.32%	Net asset value per unit
Discount to NAV	1.5%	-	Net asset value per unit

## 12. Fees and incidental costs charged to the fund

Remuneration	Maximum rates	Actual rates	Basis
<b>Remuneration to the Fund Management company</b>			
Administrative commission	1.0%	0.70%	Total fund assets
Purchase/Sales compensation	1.5%	1.50%	Purchase/sales price
Building and renovation fees	3.0%	-	Building costs
Property Management	5.0%	1.77%	Gross rental income
<b>Remuneration third parties</b>			
Remuneration to custodian bank	0.05%	0.05%	Net asset value per unit
Remuneration to property managers	5.0%	2.75%	Gross rental income

## 13. Dividend distribution

No additional dividend distribution to the distribution for 2018.

## 14. Events after the balance sheet date

A third party secured the acquisition right for the property in Vevey during the third quarter. The sale of the property will take place in July 2019.

## 15. Collected Footnotes

1. The key figures Performance and Agio/Disagio are not shown, since the Helvetica Swiss Commercial Fund is not listed at the stock exchange. It can only be traded OTC.
2. The TER<sub>REF</sub> GAV according to the SFAMA guideline is based on the average total fund assets of the reporting period. During the set-up phase of a fund, this average is naturally lower, which leads to a higher total expense ratio. In relation to the fund assets as at 30 June 2019, this is 0.46%
3. The TER<sub>REF</sub> NAV according to the SFAMA guideline is based on the average net assets of the fund during the reporting period. During the set-up phase of a fund, this average is naturally lower, which leads to a higher total expense ratio. In relation to the fund assets as at 30 June 2019, this is 0.63%.
4. The holding period for commercial properties was set at 15 years for the calculation of deferred property gains taxes as of 30 June 2019 in accordance with the long-term investment strategy of the fund.

# VALUATION PRINCIPLES AND NET ASSET VALUE CALCULATION

The HSC Fund's net asset value is calculated at market value in Swiss francs at the end of the fiscal year and at each new share issue.

The Fund Manager mandates the independent valuation experts to re-evaluate the market value of the Fund's properties as of the end of each fiscal year and at each new share issue.

With the supervisory authority's approval, the Fund Manager mandates at least two natural or one corporate entity as independent valuation experts. Property inspections by the valuation experts must be repeated at least every three years. In the case of acquisitions or disposals of properties, the Fund Manager commissions a new valuation. A new valuation is not needed in the case of disposal, if a valuation has been made during the previous three months and circumstances have not changed profoundly.

Investments which are traded on a stock market or another regulated market which is open to the public, are to be valued at the prices which are paid on the main market. Other investments or investments with no available current prices, are to be valued at a price which is likely to be paid in a prudent sale at the time of the valuation. In such a case, the Fund Manager applies reasonable valuation models and principles which are recognized in practice.

Open collective investment instruments are valued at their redemption price respectively their net asset value. If they are regularly traded on a stock market

or another regulated market which is open to the public, the Fund Manager may value them according to para. 3 of the fund contract.

The value of short-term fixed-rate securities which are not traded on a stock exchange or another regulated market which is open to the public, is calculated as follows: Based on the net purchase price and presuming a stable investment return, the valuation of these investments is adjusted gradually to the redemption price. In the case of significant changes in market conditions, the valuation basis of the individual investments is adjusted to the new market return. Thereby, if there is no current market price, valuation is usually based on money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, maturity).

Post and bank deposits are valued according to their balance plus accrued interest. In the case of significant changes in market conditions or financial standing, the valuation basis for time deposits at banks is adjusted to the new conditions.

The calculation of the shares' net asset value is based on the Fund's gross asset value (market value) minus any liabilities as well as any taxes which would likely have to be paid in the case of the Fund's liquidation, divided by the number of outstanding shares. The valuation of the Fund's properties is made according to the current SFAMA guidelines for real estate funds. The valuation of undeveloped properties or constructions-in-progress is made according the principle of actually incurred costs. This valuation is subject to an annual impairment test.



# FURTHER INFORMATION FOR INVESTORS

## **Changes Fund Contract**

No changes were made to the fund agreement in the first half of 2019. The last amendment came into force on 05 February 2018.

## **Legal disputes**

There are no pending or threatened legal disputes.

## **Compliance with investment restrictions**

The fund management company confirms that Helvetica Swiss Commercial Fund fulfils all investment restrictions in accordance with the fund contract.

## **Information about Related Party Transactions**

The fund management company confirms that there were no transfers of property values to related parties or related parties during the reporting period (Art. 63 Abs. 2 KAG and Art. 32, 32a and 91a KKV resp. Ziff. 18 of the guidelines for the real estate funds of Swiss Funds & Asset Management Association SFAMA (SFAMA guidelines for real estate funds) dated April 2, 2008, as of September 13, 2016).

## **Change of Fund Manager or Custodian Bank**

There were no changes in the fund management company and the custodian bank in the reporting period.

## **Change Valuation expert**

There were no changes made.

## **Change in the management of the fund management company**

Peter R. Vogel replaced Gianni Peduzzi as new CFO, Head Corporate Services.

## **Miscellaneous**

There are no other significant events known.

# DEFINITIONS

## Gross target yield

Possible income at full occupancy, equivalent to the total of contractually agreed rental income plus vacancy in accordance with market rent. Ancillary costs according to rental agreements are not taken into account.

## Gross actual return

The current gross actual return is defined as the percentage of the current actual rental income measured against the market value.

## Discount rate

The discount rate is the percentage used to discount all cash flows. The level of the chosen discount rate reflects the risk assessment.

## Loss of earnings

Loss of income is the sum of all reductions in the target rental income, e.g. due to vacancy.

## Debt financing ratio

Debt financing ratio is defined as the percentage of the interest-bearing debt measured against the market value.

## Debt ratio

Debt ratio is defined as the percentage of the total liabilities measured against the total fund assets.

## Maintenance costs

Maintenance is also referred to as "ordinary maintenance". Maintenance refers to all measures taken to ensure the usability of the property (e.g. service work, minor repairs).

## Repair costs

The repair is also referred to as "extraordinary maintenance". It includes all investments that completely replace substantial components and/or are accompanied by a noticeable qualitative improvement. This may also include value-enhancing investments.

## Actual rental income

The actual rental income is calculated from the target rental income less loss of income.

## Vacancy

A rental property is regarded as vacant if no rental agreement exists.

## Property quality

Property quality is a measure of the quality of a property, taking into account its condition, prevailing standards, usability and the mix of uses. The information required to determine the quality of the property is derived from the quality profile of the property.

## Market rent / potential

With the help of the estimation of a market rent or the potential for income, the long-term and sustainable development of the respective income is shown.

## Market value

The market value is the estimated amount for which the property is expected to be sold on the valuation date between a willing seller and a willing buyer in a transaction in the ordinary course of business, after an appropriate marketing period, with each party acting with skill, prudence and without constraint.

## Leasable area

Rental space is the sum of leased and rentable areas.

## Net yield

The net yield is the ratio of the annual net yield to the determined market value of the property.

## Target rental income

The target rental income is the sum of all rental income, including vacancies at market rent according to an independent valuation.

## Total net income

The net income is calculated as the sum of all income less all costs.

## Occupancy rate

Percentage of the actual revenue of the target rental income.

## Maintenance and repair

The maintenance costs are composed of the costs for maintenance and repair.

## Rental quote

Actual income in percentage of targeted income.

## WAULT

The WAULT (Weighted Average Unexpired Lease Term) adds up the average weighted remaining terms of contractually fixed rents for a property or portfolio (up to the earliest possible termination date without extension options). The WAULT is reported in years. The following uses must be considered: - office, hotel, sale, medical practices, gastronomy, warehouse and other commercially used properties. Unlimited rental agreements with a term of 6 months are included in the calculation: Apartments, parking spaces, advertising space, cellar/screed. Vacancies are not taken into account

# IMPRINT

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